

# **EXHIBIT 1**

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8  
9 **IN THE UNITED STATES DISTRICT COURT**  
10 **FOR THE DISTRICT OF ARIZONA**

11 Nammo Talley, Inc.,

12 Plaintiff,

13 vs.

14 Allstate Insurance Company (solely as  
15 successor in interest to Northbrook Excess  
and Surplus Insurance Company);  
16 Continental Casualty Company; Globe  
Indemnity Company; National Union Fire  
Insurance Company of Pittsburgh, PA;  
17 Transportation Insurance Company; ABC  
Corporations; and XYZ Companies,

18 Defendants.  
19

Case No. 2:11-CV-01007-GMS

**PLAINTIFF NAMMO TALLEY'S  
ANSWERS TO DEFENDANTS' FIRST  
SET OF JOINT INTERROGATORIES**

(Assigned to the  
Honorable G. Murray Snow)

20 Pursuant to Rule 33 of the Federal Rules of Civil Procedure, Plaintiff Nammo  
21 Talley, Inc. ("Nammo Talley"), by and through counsel undersigned, hereby answers  
22 Defendant Insurers' First Set of Interrogatories ("First Interrogatories") as follows.  
23 Discovery regarding the issues involved in these First Interrogatories remains ongoing.  
24 Nammo Talley has not completed its investigation of all the facts relating to this case,  
25 nor has it completed its discovery or preparation for trial. There may exist additional  
26 facts, information, or documents not yet known to or discovered by Nammo Talley, or  
27 whose relevance, significance, or applicability has not yet been determined.

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1 Accordingly, Nammo Talley reserves the right to supplement or amend these Responses  
2 and Objections. Moreover, Nammo Talley reserves the right to supplement this  
3 discovery response and offer and/or rely at trial on subsequently discovered information  
4 or documents, or on information omitted from these Responses as a result of a good  
5 faith oversight, error, or mistake.

#### 6 GENERAL OBJECTIONS

7 Nammo Talley generally objects to Defendant Insurers' First Interrogatories on  
8 the grounds listed below. Additionally, Nammo Talley hereby objects to any obligation  
9 imposed by the First Interrogatories that is more restrictive or expansive, or otherwise  
10 does not comport with the applicable Federal Rules and/or Local Rules governing  
11 discovery. Nammo Talley submits these First Interrogatories without conceding the  
12 relevancy or materiality of any information produced in response to the First  
13 Interrogatories. Nammo Talley reserves all rights to further object or otherwise respond  
14 to the First Interrogatories, either generally or specifically.

15 1. Nammo Talley's specific objections to each Interrogatory are in addition  
16 to these General Objections. The General Objections form part of Nammo Talley's  
17 specific Response to each and every Interrogatory, and are set forth here to avoid  
18 unnecessary duplication and repetition. Thus, the failure to reference a General  
19 Objection in a specific Response does not waive the General Objection with respect to  
20 the specific Interrogatory.

21 2. Nammo Talley objects to each and every Interrogatory to the extent it  
22 attempts to impose obligations on Nammo Talley in addition to or in excess of those  
23 authorized by the Federal Rules, the Local Rules, and/or any other applicable rules or  
24 orders. Nammo Talley will comply with the Federal Rules and Local Rules.

25 3. Nammo Talley objects to the overall breadth and number of  
26 Interrogatories as unduly burdensome. Many of the Interrogatories make sweeping  
27

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1 requests for broad, vaguely defined categories of information or request "all" documents  
2 potentially related to broad, vaguely defined topics.

3 4. Nammo Talley objects to the First Interrogatories insofar as they require  
4 "all facts" or "all information," on the grounds that such a request is unreasonable and  
5 unduly burdensome.

6 5. Nammo Talley objects to each and every Interrogatory to the extent it is  
7 vague, overly broad, unduly burdensome, and/or seeks information that is neither  
8 relevant to the claims or defenses in this action nor reasonably calculated to lead to the  
9 discovery of admissible evidence.

10 6. Nammo Talley objects to each and every Interrogatory to the extent it  
11 seeks information already known to Defendant Insurers or equally available to  
12 Defendant Insurers from information found in Defendant Insurers' claims files,  
13 information previously provided to Defendant Insurances by Nammo Talley, or  
14 additional sources other than Nammo Talley. This objection includes, but is not limited  
15 to, documents and information already provided to Defendant Insurers as part of the  
16 insurer/insured relationship and/or information contained in publicly-available records.  
17 The burden of obtaining this information is the same for Defendant Insurers as it is for  
18 Nammo Talley.

19 7. Nammo Talley objects to each and every Interrogatory to the extent it is  
20 not limited to information and documents within Nammo Talley's possession, custody  
21 or control, or seeks information and documents that are in the possession, custody or  
22 control of third parties, including but not limited to Defendant Insurers or any other  
23 insurer of Nammo Talley.

24 8. Nammo Talley objects to each and every Interrogatory to the extent it is  
25 unduly duplicative, cumulative, or repetitive.

26 9. Nammo Talley objects to each and every Interrogatory to the extent it  
27 purports to require Nammo Talley to provide information or documents that in whole or  
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1 in part are: (i) trial preparation materials or protected work product; (ii) protected by  
2 the attorney-client privilege or other privilege(s); or (iii) materials that Nammo Talley,  
3 by law or agreement, is required to maintain in confidence.

4 10. Nammo Talley objects to each and every Interrogatory to the extent it  
5 seeks responses that would require Nammo Talley to disclose trade secrets, sensitive,  
6 and/or confidential business information.

7 11. Nammo Talley objects to each and every Interrogatory to the extent it  
8 seeks documents or information that is confidential and proprietary and neither relevant  
9 to the subject matter of this litigation nor reasonably likely to lead to the discovery of  
10 admissible evidence.

11 12. Nammo Talley objects to each and every Interrogatory to the extent that it  
12 seeks a response concerning claims, sites, properties, injuries, occurrences, and/or time  
13 periods not at issue in this litigation.

14 13. Nammo Talley objects to each and every Interrogatory to the extent that it  
15 calls for a legal conclusion.

16 14. Nammo Talley objects to each and every Interrogatory to the extent that it  
17 seeks responses that would require Nammo Talley to violate any court order or court  
18 approved confidentiality agreement.

19 15. Nammo Talley objects to each and every Interrogatory to the extent that it  
20 incorporates any of Defendant Insurers' objectionable definitions.

21 16. Nammo Talley objects to each and every Interrogatory to the extent that it  
22 calls for responses equally available to Defendant Insurers.

23 17. Nammo Talley objects to each and every Interrogatory as premature,  
24 given that discovery is incomplete and ongoing.

25 18. Nammo Talley objects to each and every Interrogatory to the extent that it  
26 improperly calls upon Nammo Talley to organize, categorize, and characterize  
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1 information or documents already produced and/or information contained in publicly-  
2 available records.

3 19. Nammo Talley objects to each and every Interrogatory as improperly and  
4 prematurely purporting to impose an obligation to prepare and disclose expert opinions,  
5 trial exhibits and/or summary judgment exhibits.

6 20. Nammo Talley objects to each and every Interrogatory to the extent that it  
7 seeks to shift the burden of proof regarding the application of certain policy exclusions  
8 and/or defenses from Defendant Insurers to Nammo Talley.

9 21. Nammo Talley objects to the First Interrogatories' definition of  
10 "ENVIRONMENT" as overly broad in that it denotes information that is neither  
11 relevant to the claims or defenses in this action nor reasonably calculated to lead to the  
12 discovery of admissible evidence. Nammo Talley further objects to the First  
13 Interrogatories' definition of "ENVIRONMENT" as vague in that it contains numerous  
14 terms which themselves are vague and undefined in the First Interrogatories (e.g.,  
15 "drinking water supply") and/or duplicative (e.g., "well water").

16 22. Nammo Talley objects to the First Interrogatories' definition of  
17 "GOVERNMENT AGENCY" as overly broad in that it denotes information that is  
18 neither relevant to the claims or defenses in this action nor reasonably calculated to lead  
19 to the discovery of admissible evidence.

20 23. Nammo Talley objects to the First Interrogatories' definition of  
21 "INSURANCE POLICIES" or "INSURANCE POLICY" as overly broad to the extent  
22 it includes insurance policies not at issue in this litigation.

23 24. Nammo Talley objects to the First Interrogatories' definition of  
24 "NAMMO TALLEY," "YOU," and "YOUR" to the extent it mischaracterizes the  
25 corporate history and/or structure of Nammo Talley.

26 25. Nammo Talley objects to the First Interrogatories' definition of  
27 "OCCURRENCE," "PROPERTY DAMAGE," and "PERSONAL INJURIES" as vague

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1 and misleading in that the insurance policies at issue in this litigation contain divergent  
2 definitions of such terms.

3 26. Nammo Talley objects to the First Interrogatories' definition of  
4 "POLLUTANT" as overly broad in that it denotes information that is neither relevant to  
5 the claims or defenses in this action nor reasonably calculated to lead to the discovery of  
6 admissible evidence. The First Interrogatories' definition of "POLLUTANT" is so  
7 overly broad that any substance could conceivably meet asserted the definition of  
8 "POLLUTANT." Nammo Talley further objects to the First Interrogatories' definition  
9 of "POLLUTANT" as vague in that it contains numerous terms which themselves are  
10 vague and undefined in the First Interrogatories. For purposes of the First  
11 Interrogatories, Nammo Talley will construe "POLLUTANT" as meaning lead and/or  
12 perchlorate.

13 27. Nammo Talley objects to the First Interrogatories' definition of "SITE" to  
14 the extent that it mischaracterizes the operational history, operations, and/or  
15 characteristics of Nammo Talley's facility located in Mesa, Arizona.

#### 16 ANSWERS TO SPECIAL INTERROGATORIES

17 1. IDENTIFY every DOCUMENT or COMMUNICATION that establishes,  
18 memorializes, or RELATES TO a legal obligation (whether imposed by law or  
19 assumed in a contract or agreement) on the part of NAMMO TALLEY to pay damages  
20 on account of PERSONAL INJURIES or PROPERTY DAMAGE in connection with  
21 the SITE.

#### 22 **ANSWER:**

23 In addition to the General Objections above, Nammo Talley specifically objects  
24 to this Interrogatory as overly broad and unduly burdensome, as it improperly asks for  
25 "every" document or communication that even "relates to" Nammo Talley's obligation  
26 to pay damages in connection with its facility located in Mesa, Arizona (the "Site").  
27 Such a broad request would literally include every document that has been or will be

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1 produced in this matter, and Nammo Talley specifically incorporates by reference every  
 2 such document into its Response. Nammo Talley further objects to this Interrogatory to  
 3 the extent it seeks information already known to Defendant Insurers or equally available  
 4 to Defendant Insurers from sources other than Nammo Talley, including but not limited  
 5 to information contained in pleadings, briefs, documents already produced, previous  
 6 disclosures, other discovery in this matter, and public documents. Nammo Talley also  
 7 objects to this Interrogatory to the extent it seeks information protected from disclosure,  
 8 whether by the attorney-client privilege, the work product doctrine, or other applicable  
 9 privilege or exemption. Additionally, Nammo Talley objects to this Interrogatory to the  
 10 extent it implies that Nammo Talley paid damages on account of personal injuries in  
 11 connection with the Site.

12 Subject to and without limiting its General and specific objections, Nammo  
 13 Talley states that, among every other document that has been or will be produced in this  
 14 case, Nammo Talley's revised Part B Permit under the Resource Conservation and  
 15 Recovery Act ("RCRA"), including the closure obligations under that permit, and  
 16 pending/draft Aquifer Protection Program ("APP") Permit, including demands and  
 17 mandates of the Arizona Department of Environmental Quality ("ADEQ"), establish its  
 18 legal obligations relating to the environmental remediation and investigation at the Site.  
 19 Further, in addition to verbal directives from ADEQ, the following documents and  
 20 communications, and information and discussions referenced therein, further  
 21 demonstrate Nammo Talley's legal obligation to pay damages on account of property  
 22 damage relating to the Site:

- 23 • September 3, 1991 letter from James Skardon (Assistant Attorney  
 24 General) to Judge Alfred Rogers. [NT-000248 - 81].
- 25 • Consent Judgment affirmed on September 6, 1991. [NT-000248 - 81].
- 26 • March 15, 1994 letter from ADEQ to Nammo Talley regarding changes to  
 27 the SAP. [NT-000047 - 50].

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- 1           •       RCRA Facility Assessment. [NT-065515 – 5639].
- 2           •       Nammo Talley's July 11, 1994 Response to RCRA Facility Assessment.
- 3 [NT-005690 - 5732].
- 4           •       March 28, 1995 letter from ADEQ to Nammo Talley regarding additional
- 5 comments to the SAP. [NT-000051 - 52].
- 6           •       APP Permit closure application and sampling plan for the Water Bore-Out
- 7 ("WBO") facility, submitted on June 14, 1996. [NT-000054 - 78]
- 8           •       June 24, 1996 meeting with both the compliance and APP units of ADEQ.
- 9 [NT-044163- 77].
- 10          •       Draft response to the APP closure application and sampling plan dated
- 11 July 25, 1996. [NT-044163- 77].
- 12          •       July 30, 1996 letter from Nammo Talley to ADEQ. [NT-046683 - 84].
- 13          •       November 14, 1996 letter from ADEQ. [NT-046093 - 94].
- 14          •       December 2, 1996 oral communications with the ADEQ APP unit. [NT-
- 15 044163- 77].
- 16          •       December 3, 1996 oral communications with the ADEQ APP unit. [NT-
- 17 044163- 77].
- 18          •       Sampling report and request for closure of WBO facility, submitted to
- 19 ADEQ on March 3, 1997. [NT-044163- 77].
- 20          •       October 23, 1997 communication from Nammo Talley to ADEQ
- 21 requesting that the fencing around the WBO facility be allowed to be removed. [NT-
- 22 033912].
- 23          •       Letter from ADEQ to Nammo Talley dated December 2, 1997. [NT-
- 24 033966 - 68].
- 25          •       January 19, 1998 letter from Nammo Talley to ADEQ. [NT-034116].
- 26          •       April 1, 1998 letter from the ADEQ compliance unit. [NT-044163- 77].
- 27          •       April 23, 1998 letter from ADEQ's APP unit. [NT-044163– 77].

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- 1           •       May 11, 1998 letter from Nammo Talley. [NT-044163– 77].
- 2           •       Nammo Talley’s response to the ADEQ review of the WBO sampling
- 3 report, dated May 28, 1998. [NT-044163– 77].
- 4           •       July 20, 1998 letter from the Arizona State Land Department to ADEQ
- 5 regarding WBO pits. [NT-000053].
- 6           •       Nammo Talley’s notification to the ADEQ APP unit of its plan to remove
- 7 soil, dated June 22, 1999. [NT-043324].
- 8           •       Sample results and Closure Report submitted to ADEQ on August 6,
- 9 1999. [NT-073573 - 87].
- 10          •       May 23, 2000 Letter from ADEQ to Donovan Jones regarding draft APP
- 11 Permit. [NT-043732 – 48].
- 12          •       July 5, 2000 meeting between Nammo Talley and ADEQ (Lupe Buys and
- 13 Dennis Clayton). [NT-009823 - 26].
- 14          •       August 31, 2000 letter from Marnie Greenbie (ADEQ) to Donovan Jones
- 15 (Nammo Talley), containing the original WBO APP Permit. [NT-000054 - 78].
- 16          •       Final closure approval on the WBO from ADEQ dated September 4,
- 17 2000. [NT-003333 - 3479].
- 18          •       Responsiveness Summary for Aquifer Protection Permit No. P-101370.
- 19 [NT-000055 -63].
- 20          •       Executive Summary of Aquifer Protection Permit No. P-101370. [NT-
- 21 000064 - 67].
- 22          •       Aquifer Protection Permit No. P-101370. [NT-000068 -78].
- 23          •       Letter from ADEQ to Nammo Talley regarding remedial action plan for
- 24 partial closure of Thermal Treatment Unit (“TTU”), dated March 19, 2002. [NT-
- 25 000079 - 80].
- 26          •       July 25, 2007 letter from Nammo Talley to ADEQ requesting to begin
- 27 additional post-closure activities. [NT-000098 - 101].

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1           • Letter from Nammo Talley to ADEQ regarding permit amendment  
2 application for significant amendment of APP Permit No. P-101370, dated December  
3 10, 2007. [NT-000081 - 102].

4           • Letter from ADEQ to Nammo Talley dated April 30, 2008, containing  
5 notice of deficiency. [NT-000117 - 168].

6           • September 25, 2008 letter from Spencer York (ADEQ) to Susan  
7 Kobyleski (Nammo Talley) regarding APP amendment request. [NT-000169 - 171].

8           • Insurance Claim Information Report dated October 22, 2008. [NT-  
9 003333 - 3479].

10          • November 24, 2008 letter from Brown & Caldwell to Spencer York  
11 (ADEQ). [NT-000103 - 108].

12          • December 4, 2008 letter from ADEQ to Nammo Talley containing  
13 comments to Final Closure Plan for TTU. [NT-000112 - 116].

14          • December 11, 2008 monitoring well notice of intent from Nammo Talley.  
15 [NT-000109 - 111].

16          • April 3, 2009 letter from ADEQ containing additional comments to Final  
17 Closure Plan for TTU. [NT-000179 - 182].

18          • June 24, 2009 letter from ADEQ regarding site characterization activities  
19 for Final Closure Plan for TTU. [NT-000183 - 188].

20          • August 24, 2009 letter from Brown & Caldwell to ADEQ containing the  
21 groundwater investigation status report for APP No. P-101370. [NT-002749 - 2805].

22          • September 29, 2009 letter from Nammo Talley to ADEQ providing a  
23 status update on the site characterization work performed at the TTU. [NT-000172 -  
24 173].

25          • October 1, 2009 Work Plan for Pilot Test of Perchlorate Bioremediation.  
26 [NT-003129 - 88].

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- 1       •       October 19, 2009 letter from ADEQ regarding schedule for submittal of  
2 Revised Final Closure Plan [NT-000172 - 173].
- 3       •       October 30, 2009 Summary of Initial Soil Characterization Activities at  
4 the TTU. [NT-000174 - 176].
- 5       •       November 20, 2009 Update to Summary of Initial Soil Characterization  
6 Activities at the TTU. [NT-000174 - 176].
- 7       •       Draft APP Amendment Permit received from ADEQ in November 2009.  
8 [NT-044155 - 56; NT-044158 - 320].
- 9       •       Draft APP Amendment Fact Sheet received from ADEQ in November  
10 2009 [NT-002276 - 91].
- 11       •       December 24, 2009 letter from ADEQ providing comments to the  
12 Summary of Initial Soil Characterization Activities at the TTU. [NT-000174 - 178].
- 13       •       January 8, 2010 letter from Daniel V. Haun to ADEQ. [NT-003932 - 37].
- 14       •       January 31, 2010 Compliance/Annual Post-Closure Progress Report.  
15 [NT-000189 - 225].
- 16       •       February 25, 2010 meeting between ADEQ and Nammo Talley. [NT-  
17 003949 - 52].
- 18       •       March 12, 2010 ADEQ Memorandum of minutes from meeting with  
19 Nammo Talley on February 25, 2010. [NT-000226 - 29].
- 20       •       March 24, 2010 letter from ADEQ providing comments in response to the  
21 February 19, 2010 Brown & Caldwell report. [NT-000230 - 36].
- 22       •       March 31, 2010 letter from ADEQ providing comments on the  
23 Perchlorate Source Investigation Report dated June 2009. [NT-000237 - 41].
- 24       •       September 10, 2010 letter from ADEQ regarding removal of lead  
25 contaminated soil from the Storm Water Accumulation Area prior to Final Closure Plan  
26 approval. [NT-000242 - 44].

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- 1           •       February 2011 Perchlorate Remedial Action Work Plan. [NT-004187 -  
2 4244].
- 3           •       May 3, 2011 Letter from Daniel Haun to ADEQ. [NT-003973 – 76]
- 4           •       November 2011 Nammo Talley Groundwater Investigation Sampling and  
5 Analysis Plan. [NT-004020 - 4164].
- 6           •       March 20, 2012 letter from ADEQ to Daniel Haun regarding Groundwater  
7 Investigation Sampling and Analysis Plan. [NT-004007 - 08].
- 8           •       March 20, 2012 letter from ADEQ to Daniel Haun regarding  
9 Compliance/Annual Post-Closure Progress Report. [NT-004011 - 13].
- 10          •       March 25, 2012 letter from Nammo Talley regarding Plant No. 3 [NT-  
11 004176 - 86].
- 12          •       Fact Sheet for Aquifer Protection Permit, Place ID #1407, LTF #46292.  
13 [NT-002276 - 91].
- 14          •       Significant Amendment to Aquifer Protection Permit No. P-101370. [NT-  
15 002708 - 40].
- 16          •       April 11, 2012 Closure Plan Thermal Treatment Unit. [NT-004729 -  
17 5029].
- 18          •       January 12, 2012 letter from ADEQ to Daniel Haun. [NT - 003985 - 92]
- 19          2.       For each legal obligation identified in YOUR response to Interrogatory  
20 No. 1, IDENTIFY the OCCURRENCE or OCCURRENCES that caused the  
21 PERSONAL INJURIES or PROPERTY DAMAGE for which YOU were liable. For  
22 the purpose of this Interrogatory, the term “IDENTIFY” shall mean to state: (1) the  
23 date the “occurrence” took place; (2) the specific cause of the OCCURRENCE; (3)  
24 whether the OCCURRENCE involved continuous or repeated exposure to conditions;  
25 and (4) the specific amount of PERSONAL INJURIES or PROPERTY DAMAGE  
26 caused by each OCCURRENCE.

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1 ANSWER:

2 In addition to the General Objections above, Nammo Talley specifically objects  
3 to this Interrogatory to the extent it defines "occurrence" in any way other than as  
4 defined in the policies. The policies provide Nammo Talley with coverage for all sums  
5 it becomes legally obligated to pay as damages because of bodily injury caused by an  
6 occurrence, but nowhere require Nammo Talley to show the "specific cause" of an  
7 occurrence. Nammo Talley further objects to this Interrogatory as irrelevant and as  
8 seeking expert opinions or otherwise seeking to impose obligations on Nammo Talley in  
9 addition to or in excess of those authorized by the Federal Rules of Civil Procedure  
10 and/or any other applicable rules or orders. Additionally, Nammo Talley objects to this  
11 Interrogatory to the extent it seeks information already known to Defendant Insurers or  
12 equally available to Defendant Insurers from sources other than Nammo Talley,  
13 including but not limited to information contained in their claims files, pleadings, briefs,  
14 documents already produced, previous disclosures and other discovery in this matter.  
15 Nammo Talley also objects to this Interrogatory to the extent it seeks a legal conclusion.

16 Subject to and without limiting its General and specific objections, Nammo  
17 Talley states that its historic manufacturing operations unexpectedly and unintentionally  
18 resulted in lead and perchlorate contamination at the Site and off-site at neighboring  
19 properties. In order to prevent and/or reduce off-site migration of contaminants, ADEQ,  
20 a governmental third party, has required Nammo Talley to investigate and remediate  
21 this contamination. ADEQ has current regulatory authority under the closure  
22 obligations at Nammo Talley's RCRA Part B Permit, the APP, and A.R.S. § 49-241, *et*  
23 *seq.* to compel through enforcement actions (which ADEQ has constantly threatened)  
24 the remediation of both contaminated soil and groundwater at the Site. In general terms,  
25 the reasonable and necessary investigation and remediation costs for which Nammo  
26 Talley seeks insurance coverage arise out of two unique occurrences at the facility – the

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1 WBO and the TTU. Those two occurrences, which involved continuous or repeated  
2 exposure to conditions, are more fully described as follows:

### 3 **WBO Perchlorate Contamination**

4 Nammo Talley is an aerospace company that, at the time of the occurrences  
5 comprising its current coverage claims, generally designed, developed, and  
6 manufactured aircraft escape rocket motors and rocket catapults for emergency escape  
7 and survival systems, and other products related to the aerospace and military industries.  
8 An integral part of Nammo Talley's business operations from the early 1960s to  
9 October 1990 required Nammo Talley to replace the propellant found in aged, yet-to-be  
10 used missiles and other rocket motors it manufactured and sold. Accordingly, rocket  
11 motors that required service were bored out in the WBO using industrial process waters  
12 to remove solid propellant containing ammonium perchlorate from rocket motors  
13 designed for military use. The rocket motors were then "relifed," meaning they had  
14 their metal components reconditioned and refilled with fresh propellant.<sup>1</sup>

15 During the applicable policy periods, and in accordance with the standard and  
16 state of the art industry practice at the time, Nammo Talley discharged the water used in  
17 this operation, after it was treated through screening and then with secondary recovery  
18 techniques to collect and remove all solids to unlined evaporation ponds. The water and  
19 some dissolved materials (though unknown at the time) generated by this process were

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21 <sup>1</sup> The WBO is located near the eastern boundary of the East Salt River Valley  
22 Groundwater Basin of the Salt River Valley. The primary source of groundwater in the  
23 basin is the thick sequences of basin-fill alluvial sediments which have been divided  
24 into the Upper Alluvial Unit and the Lower Conglomerate Unit. Groundwater from the  
25 regional basin-fill sediments is used for irrigation, industrial, and municipal supply  
26 purposes. No population centers are located in the immediate vicinity of the WBO;  
27 however, residential communities are located approximately 0.75 miles east and 1.36  
28 miles southwest of the site. Three miles southeast of the WBO (direction of the  
groundwater) begins the high density residential neighborhoods, all of which are  
supplied drinking water by the City of Mesa.

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1 collected in Nammo Talley's Plant #3 water bore-out pits (unlined). The discharges  
2 ranged from 110,000 gal./year to 410,000 gal./year.

3 During this operation, the practice was considered safe, state of the art, and  
4 environmentally-friendly as recapture of all solids was the intended and expected  
5 resulted of the process. Unfortunately and unexpectedly, some perchlorate did not  
6 precipitate and therefore unexpectedly, and unknowingly, remained in the water and  
7 leached from the ponds into the groundwater where it has impacted neighboring wells  
8 off-site.

9 Perchlorate is a relatively new regulatory contaminant of concern that began to  
10 be addressed by regulators approximately ten years ago when laboratory detection limits  
11 for the substance dropped from approximately 400 parts per billion to 4 parts per  
12 billion. Although the appropriate regulatory standard has not yet been set by the United  
13 States Environmental Protection Agency ("EPA"), several states have set their own  
14 drinking water standards, and/or remedial standards, and have filed lawsuits and issued  
15 administrative orders requiring remediation of perchlorate. Arizona regulates  
16 perchlorate through its APP, which prohibits discharges of pollutants, establishes soil  
17 standards, and narrative water quality standards. Pursuant to APP, ADEQ has the  
18 regulatory authority to address any discharge of pollutants in an aquifer that impairs  
19 existing or reasonably foreseeable uses of water in an aquifer, such as the asserted  
20 impairment of the groundwater near the Site for use as drinking water.

21 Perchlorate contamination has been detected in stormwater samples, soil  
22 samples, and groundwater samples at and around the Site. The WBO is the primary  
23 source of perchlorate contamination. Nammo Talley has incurred approximately  
24 \$1,887,338.81 in costs in connection with remediating perchlorate contamination at the  
25 Site resulting from the WBO, and anticipates total past and future costs of between  
26 \$22,621,707.81 and \$29,135,607.81 to address the property damage caused by this  
27 occurrence.

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### TTU Contamination

From approximately 1966 to 2006, Nammo Talley burned waste materials at its TTU (or Burn Ground) in accordance with the terms of applicable permits and regulations, including interim permitted status under RCRA Part B. During that time, and in some respects to this very day, thermal treatment constituted the best practice for safely disposing of explosive wastes. The Burn Ground was established in an extremely remote location situated on granitic bedrock with a large firebreak. The area was/is secure from public access.

In accordance with standard industry practice at the time, some materials were spread thinly and burned on bare soil. The excessive temperatures of the TTU where fully expected to completely disintegrate all compounds, materials, minerals, and waste so treated. Lead contamination of soil at the Site, and on neighboring properties, likely resulted unexpectedly from unknown incomplete disintegration of solid propellants containing lead nitrate, solid propellant containing small quantities of lead bearing chemical additives, and possibly from the detonation of lead styphnate. Other propellants burned at the Site, including perchlorate based materials, may have unintentionally caused additional contamination.

As required by regulation, the TTU or Burn Ground, will undergo regulatory "closure." Contaminated soil has been remediated on several occasions at Nammo Talley's TTU. For example, in mid-1995, Nammo Talley restricted the treatment of explosives containing RCRA metals and conducted an extensive Site Assessment/Sampling Plan (SAP) to determine the extent of contamination. Several SAPs and lead remediation projects were conducted at the site prior to 1995, but this was the definitive SAP to determine required actions prior to site closure. Since that report, remedial activities at the site have included (1) soil stabilization; (2) excavation and disposal at an off-site permitted landfill; (3) risk assessments; and (4) perchlorate groundwater monitoring well installation.

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1 In early 2008, Nammo Talley formally advised ADEQ that it would no longer  
2 need to open-burn waste propellant on-site, but would instead dispose of it at an off-site,  
3 EPA regulated, TTU facility. Nammo Talley presented ADEQ with a Formal Closure  
4 Plan, subject to their review and approval. The Closure Plan includes an extensive  
5 Sampling Plan to identify, measure and address remaining contaminants existing in the  
6 soil. As part of that Plan, ADEQ required Nammo Talley to construct, design, and  
7 install a groundwater monitoring well off-site, north of the Burn Ground. In mid-June  
8 2012 that well detected perchlorate contamination in the groundwater, the existence of  
9 which was previously unknown to Nammo Talley.

10 Nammo Talley has incurred approximately \$966,418.03 in costs in connection  
11 with remediating lead contamination at the Site, and anticipates total past and future  
12 costs of between \$2,342,732.64 and \$3,072,132.64. Additionally, the perchlorate  
13 recently discovered (for the first time) in the groundwater north of the Burn Ground will  
14 significantly increase Nammo Talley's projected future costs for closure and  
15 groundwater cleanup, which at present are unknown.

16 3. For each OCCURRENCE identified in YOUR responses to Interrogatory  
17 No. 2, IDENTIFY when you first provided notice to each DEFENDANT INSURER of  
18 that OCCURRENCE. For the purpose of this interrogatory, the term "IDENTIFY"  
19 means to state: (1) the date on which notice was given; (2) whether notice was given  
20 orally or in writing; (3) the PERSON who provided notice on behalf of NAMMO  
21 TALLEY; and (4) the PERSON to whom notice was given.

22 **ANSWER:**

23 In addition to the General Objections above, Nammo Talley objects to this  
24 Interrogatory to the extent it seeks information already known to Defendant Insurers or  
25 equally available to Defendant Insurers from sources other than Nammo Talley,  
26 including but not limited to information contained in pleadings, briefs, documents  
27 already produced, previous disclosures and other discovery in this matter.

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1 Subject to and without limiting its General and specific objections, Nammo  
 2 Talley states that it provided written notice to its primary carriers on May 24, 1995, and  
 3 provided a renewed notice on August 21, 2006. [See 8/21/06 Facsimile from Michael  
 4 S. Head (AJG), Bates No. NT-003287; 8/21/09 letter from Hassan Mirza (Nammo  
 5 Talley) to Theresa A. Dickey (Allstate), Bates Nos. NT-002385 - 86 (stating that  
 6 "[t]imely notice was given as soon as practicable, which was a few years ago");  
 7 5/24/1995 Letter from Charles L. Lorenz to Rick Ehlers (CNA), Bates Nos. NT-003242  
 8 - 44]. Nammo Talley provided notice to its excess carriers by at least October 22, 2008.  
 9 [See Letter from Charles Lorenz (Bates Nos. NT-003333 - 34)].

10 4. IDENTIFY all payments made by YOU for damages because of  
 11 PERSONAL INJURIES or PROPERTY DAMAGE for which YOU are seeking  
 12 coverage from the DEFENDANT INSURERS in the COMPLAINT. For the purpose of  
 13 this interrogatory, the term "IDENTIFY" means to state: (1) the amount of the  
 14 payment; (2) the date the payment was made; and (3) the nature and purpose of the  
 15 payment.

16 **ANSWER:**

17 In addition to the General Objections above, Nammo Talley objects to this  
 18 Interrogatory to the extent it seeks information already known to Defendant Insurers or  
 19 equally available to Defendant Insurers from sources other than Nammo Talley,  
 20 including but not limited to information contained in pleadings, briefs, documents  
 21 already produced, previous disclosures and other discovery in this matter.

22 Subject to and without limiting its General and specific objections, Nammo  
 23 Talley states that it made payments because of property damage as follows:

24 **WBO Perchlorate Contamination**

25 Nammo Talley made payments because of property damage with respect to  
 26 WBO perchlorate contamination as set forth in the November 2010 Cost  
 27 Actual/Estimate for Historical WBO Perchlorate Contamination & Remediation at

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1 paragraphs nos. 1-12 and 14-17 (see Bates Nos. NT-000403 - 11) and in the documents  
 2 with Bates Nos. NT-000353 - 86, and as updated in June 2012. Individual invoices and  
 3 other documents providing additional detail, which have been produced to Defendant  
 4 Insurers, can be found at Bates Nos. NT-000578 - 884, NT-001012 - 1129, and as  
 5 updated in June 2012. [NT-083661 - 3703]. Nammo Talley will also incur future  
 6 defense costs for property damage associated with the WBO for which it seeks recovery  
 7 from Defendant Insurers.

#### 8 **TTU Contamination**

9 Nammo Talley made payments because of property damage with respect to TTU  
 10 lead contamination as set forth in the November 2010 Cost Estimate for Historical Lead  
 11 Contamination & Remediation (see Bates Nos. NT-000399 - 402) and in the documents  
 12 with Bates Nos. NT-000327 - 52 and, as updated in June 2012. [NT-005267 - 71].  
 13 Individual invoices and other documents providing additional detail can be found at  
 14 Bates Nos. NT-000412 - 577 and, as updated in June 2012. [NT-005272 - 5304].  
 15 Nammo Talley will also incur future defense costs for property damage at the TTU for  
 16 which it seeks recovery from Defendant Insurers.

17 5. IDENTIFY each defense cost (as that term is used by YOU in the  
 18 COMPLAINT) for which YOU are seeking payment or reimbursement from the  
 19 DEFENDANT INSURERS in the COMPLAINT. For the purpose of this interrogatory,  
 20 the term "IDENTIFY" means to state: (1) the specific suit for which the defense cost  
 21 was incurred; (2) the date of the defense cost was incurred; (3) the date the defense cost  
 22 was paid; (4) the entity who performed the services paid for; (5) the nature and purpose  
 23 of such services; and (6) whether YOU were reimbursed by any insurer or other entity  
 24 for such cost.

#### 25 **ANSWER:**

26 In addition to the General Objections above, Nammo Talley objects to this  
 27 Interrogatory to the extent it seeks information already known to Defendant Insurers or

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1 equally available to Defendant Insurers from sources other than Nammo Talley,  
2 including but not limited to information contained in pleadings, briefs, documents  
3 already produced, previous disclosures and other discovery in this matter. Nammo  
4 Talley further objects to this Interrogatory as overly broad, unduly burdensome, and to  
5 the extent it seeks to impose limitations on recovery not found in the insurance policies.

6 Subject to and without limiting its General and specific objections, Nammo  
7 Talley states that it has incurred the unreimbursed defense costs set forth in the  
8 November 2010 Cost Actual/Estimate for Historical WBO Perchlorate Contamination  
9 & Remediation at Paragraph No. 13 (see Bates No. NT-000405) in defending against  
10 actions by ADEQ with respect to the WBO, and as itemized at Bates Nos. NT-000367 -  
11 69. Individual invoices and other documents providing additional detail can be found at  
12 Bates Nos. NT-000885 - 1011 and in cost updates as of June 2012 [NT-005305 - 13].  
13 Nammo Talley may also incur future defense costs for which it seeks recovery from  
14 Defendant Insurers.

15 6. For each payment and defense cost identified in YOUR response to  
16 Interrogatory Nos. 4 and 5 that was paid by YOU, IDENTIFY when YOU requested  
17 each DEFENDANT INSURER'S consent for YOUR payment of such cost. For the  
18 purpose of this interrogatory, the term "IDENTIFY" means to state: (1) the date on  
19 which the request was made; (2) whether the request was made orally or in writing; (3)  
20 the PERSON who made the request on YOUR behalf; (4) the PERSON to whom the  
21 request was made; and (5) whether each of the DEFENDANT INSURERS consented to  
22 such payment.

23 **ANSWER:**

24 In addition to the General Objections above, Nammo Talley specifically objects  
25 to this Interrogatory as overly broad and unduly burdensome to the extent it seeks to  
26 have Nammo Talley break out communications by each individual payment. Nammo  
27 Talley further objects to this Interrogatory to the extent it seeks information already

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1 known to Defendant Insurers or equally available to Defendant Insurers from sources  
2 other than Nammo Talley, including but not limited to information contained in  
3 pleadings, briefs, documents already produced, previous disclosures and other discovery  
4 in this matter. Additionally, Nammo Talley objects to the extent this Interrogatory  
5 seeks to impose limitations on recovery not found in the insurance policies.

6 Subject to and without limiting its General and specific objections, Nammo  
7 Talley states that it has continuously requested its insurers' participation and approval of  
8 costs through verbal and written updates regarding costs associated with remediating the  
9 WBO and TTU areas, as well as defense costs, since the time it noticed the insurers of  
10 potential claims. The renewed notice provided on August 21, 2006, had attached  
11 information regarding remediation costs and invited the insurers to provide their input.  
12 [See 8/21/06 Facsimile from Michael S. Head (AJG), Bates No. NT-003287]. In  
13 addition to numerous verbal and written communications through Chuck Lorenz and  
14 others (see, e.g., April 25, 2007 email from Young McWhirter acknowledging  
15 numerous phone calls and receiving a package that provided remediation estimates and  
16 other information (Bates No. NT-003311)), Nammo Talley also provided its insurers  
17 with extensive information and requested their approval regarding past and future costs  
18 in its Insurance Claim Information Report dated October 22, 2008. [Bates Nos. NT-  
19 003333 - 3479].

20 Despite these repeated requests, Nammo Talley had to prod its insurers into  
21 providing any kind of response to its communications regarding costs incurred and  
22 proposed future costs. For example, Nammo Talley provided its insurers with over two-  
23 hundred (200) pages of updated information regarding planned additional costs and  
24 consulting reports on August 21, 2009. [See Letter from Hassan Mirza to Timothy  
25 Minier (CNA) and Theresa Dickey (Allstate) dated August 21, 2009 (Bates Nos. NT-  
26 002385 - 2586)]. Two months later the insurers still had not responded, requiring  
27 Nammo Talley to explain that "we would like to move forward on this matter and

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1 would appreciate responses, comments, and/or questions to our letter.” [See, e.g., Letter  
 2 from Hassan Mirza (Nammo Talley) to Timothy Minier (CNA) dated October 16, 2009  
 3 (Bates No. NT-002374)].

4 Even the insurers recognized that while they made their coverage determinations,  
 5 “Nammo Talley must continue to act in its best interests as to this matter.” [Letter from  
 6 Timothy Minier (CNA) to Charles Lorenz dated September 6, 2006 (Bates Nos. NT-  
 7 003288 -90)]. Moreover, Nammo Talley’s insurers also made clear that, with respect to  
 8 the excess policies, the do “not have a duty to defend against this claim nor do they  
 9 respond, if at all, until all underlying coverage has been properly exhausted. Since the  
 10 material forwarded to date does not indicate otherwise, we assume that underlying  
 11 coverage remains available.” [Letter from Theresa Dickey (Allstate) to Charles Lorenz  
 12 dated November 14, 2008 (Bates Nos. NT-003480 - 83)].

13 7. For each suit for which YOU are seeking a defense from the  
 14 DEFENDANT INSURERS, IDENTIFY when you first requested a defense of that suit  
 15 from each of the DEFENDANT INSURERS. For the purpose of this interrogatory, the  
 16 term “IDENTIFY” means to state: (1) the date on which the request was made; (2)  
 17 whether the request was made orally or in writing; (3) the person who requested a  
 18 defense on YOUR behalf; and (4) the person to whom the request was made.

19 **ANSWER:**

20 Subject to and without limiting its General Objections, Nammo Talley states that  
 21 it requested a defense from CNA on May 24, 1995, as part of its original notice. [See  
 22 Letter from Charles Lorenz to dated May 24, 1995 (stating that “[t]he notice given by  
 23 ADEQ that TDS may be a responsible party for groundwater contamination in the  
 24 Northeast Mesa WQARF area has triggered the insurers’ duty to defend as set forth in  
 25 Nammo Talley Industries’ general liability policies”), Bates Nos. NT-003242 - 44].  
 26 Nammo Talley again requested a defense on August 21, 2006, by means of its renewed  
 27  
 28

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1 notice and accompanying information attached to the facsimile sent by Michael Head.  
2 [NT-003287].

3 8. IDENTIFY all facts upon which you rely for your allegation that each of  
4 the DEFENDANT INSURERS' INSURANCE POLICIES has a duty to defend  
5 NAMMO TALLEY and/or reimburse NAMMO TALLEY for its defense costs in  
6 connection with the SITE.

7 **ANSWER:**

8 In addition to the General Objections above, Nammo Talley specifically objects  
9 to this Interrogatory as overly broad and unduly burdensome, as it improperly asks for  
10 "all facts" demonstrating the primary carriers' duty to defend. Such a broad request  
11 would literally include every fact in this case, and Nammo Talley specifically  
12 incorporates every such fact by reference. Nammo Talley further objects to this  
13 Interrogatory to the extent it seeks information already known to Defendant Insurers or  
14 equally available to Defendant Insurers from sources other than Nammo Talley,  
15 including but not limited to information contained in pleadings, briefs, documents  
16 already produced, previous disclosures and other discovery in this matter.

17 Subject to and without limiting its General and specific objections, Nammo  
18 Talley states that the primary policies have duty to defend provisions stating that "the  
19 company shall have the right and duty to defend any suit against the insured seeking  
20 damages on account of such bodily injury or property damage, even if any of the  
21 allegations of the suit are groundless, false or fraudulent." [Continental Casualty Policy  
22 No. CCP9021329R (1/1/73-1/1/75), Bates Nos. NT-001149 - 1230; see also  
23 Transportation Insurance Company Policies Nos. CCP2436424 (1/1/76-4/1/79), Bates  
24 Nos. NT-001906 - 2108, & CCP004724934 (4/1/79-4/1/81), Bates Nos. NT-001774 -  
25 1905]. As set forth in Nammo Talley's Responses to Interrogatories Nos. 1 & 2, ADEQ  
26 has pursued years of aggressive and coercive threats in requiring Nammo Talley to  
27 incur remediation costs for occurrences that fall within the policies' coverage. See

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Responses to Interrogatories Nos. 1 & 2; Compass Ins. Co. v. Guaranty Nat'l Ins. Co., 984 P.2d 606, 621 (Col. 1999); SCSC Corp. Allied Mut. Ins. Co., 536 N.W.2d 305 (Minn. 1995); Mich. Millers Mut. Ins. Co. v. Bronson Plating Co., 519 N.W.2d 864, 869 (Mich. 1994); Coakley v. Me. Bonding & Casualty Co., 618 A.2d 777 (N.H. 1992); A. Y. McDonald Indus. v. Ins. Co. of N. Am., 475 N.W.2d 607 (Iowa 1991); Aetna Casualty and Surety Co., Inc. v. Pintlar Corp., 948 F.2d 1507 (9th Cir. 1991).

9. IDENTIFY all costs that YOU have incurred or expect to incur in order to prevent PROPERTY DAMAGE or PERSONAL INJURIES caused by contamination at or emanating from the SITE. For the purpose of this interrogatory, the term "IDENTIFY" means to state: (1) the amount of the cost; (2) the date the cost was paid, or is expected to be paid; (3) if the cost was for services rendered, the name of the entity performing the services rendered and nature and purpose of such services; and (4) if the cost was not for services rendered, the nature and purpose of the cost.

**ANSWER:**

In addition to the General Objections above, Nammo Talley objects to this Interrogatory to the extent it seeks information already known to Defendant Insurers or equally available to Defendant Insurers from sources other than Nammo Talley, including but not limited to information contained in pleadings, briefs, documents already produced, previous disclosures and other discovery in this matter. Nammo Talley further objects to this Interrogatory as unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The policies do not provide for any different treatment regardless of whether Nammo Talley's liability that arose from property damage was intended to prevent future property damage.

Subject to and without limiting its General and specific objections, Nammo Talley refers Defendant Insurers to its Response to Interrogatories Nos. 2 & 4.

10. IDENTIFY each allegedly false and misleading statement that YOU allege was made by each DEFENDANT INSURER that induced NAMMO TALLEY to

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1 purchase the DEFENDANT INSURERS' POLICIES. For the purpose of this  
2 interrogatory, the term "IDENTIFY" means to state: (1) the PERSON who made the  
3 statement; (2) the PERSON or PERSONS to whom the statement was made; (3) the date  
4 that the statement was made; (4) the specific content of the statement; and (5) what was  
5 false and misleading about the statement.

6 **ANSWER:**

7 In addition to its General Objections above, Nammo Talley specifically objects  
8 to this Interrogatory to the extent it seeks information already known to Defendant  
9 Insurers or equally available to Defendant Insurers from sources other than Nammo  
10 Talley, including but not limited to information contained in their claims files,  
11 pleadings, briefs, documents already produced, previous disclosures and other discovery  
12 in this matter. Nammo Talley further objects to this Interrogatory to the extent it seeks  
13 to impose a legal obligation of "inducement" on Nammo Talley that is not required by  
14 applicable law. Moreover, Nammo Talley objects to this Interrogatory to the extent it  
15 seeks a legal conclusion.

16 Subject to and without limiting their General and specific objections, Nammo  
17 Talley states that throughout the course of negotiation of their insurance policy  
18 placement with Nammo Talley, Defendant Insurers and their agents represented that  
19 they would pay for liability, defense costs, and expenses for claims arising out of  
20 unexpected and unintended environmental property damage, such as those relating to  
21 the Nammo Talley Site. Additionally, Defendant Insurers represented that they would  
22 act in good faith and fair dealing in their relationship with Nammo Talley. Moreover,  
23 Defendant Insurers made misrepresentations with respect to the scope and application of  
24 the qualified pollution exclusion. As Arizona's Court of Appeals recently recognized,  
25 the Insurance Rating Board (IRB)<sup>2</sup> had originally drafted and urged states to adopt the  
26

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27 <sup>2</sup> The IRB is the predecessor to the Insurance Services Office ("ISO").

1 pollution exclusion. Maricopa Cnty. V. Ariz. Prop. & Cas. Ins. Guar. Fund, No. 2 CA  
 2 CV 98-0076, 2000 Ariz. App. Unpub. LEXIS 6 (Apr. 27, 2000). On behalf of its  
 3 “member and subscriber companies,” which likely included Defendant Insurers, the IRB  
 4 sent letters to various state insurance regulators to encourage them to approve the  
 5 exclusion in standard CGL policies. In such a letter to Arizona’s Director of Insurance  
 6 in May 1970, May 1970, the IRB expressed a “need for prompt introduction of these  
 7 exclusions in recognition of the potential and grave exposures reflected in the  
 8 exclusions not previously envisioned,” and explained the pollution exclusion as follows:

9 Coverage for pollution or contamination is not provided in most cases  
 10 under present policies because the damages can be said to be expected or  
 11 intended and thus are excluded by the definition of occurrence. The above  
 12 exclusion clarifies this situation so as to avoid any question of intent.  
 13 Coverage is continued for pollution or contamination caused injuries  
 14 when the pollution or contamination results from an accident except that  
 15 no coverage will be provided under certain operations for injuries arising  
 16 out of discharge or escape of oil into any body of water. Id.

17 Defendant Insurers’ present positions and coverage defenses stand in stark  
 18 contrast to this representation by the insurance industry. Further details regarding  
 19 Defendant Insurers’ false and misleading statements can be found in Defendant  
 20 Insurers’ underwriting files, which Defendant Insurers have not yet produced.

21 11. Identify all facts that support your allegation that the DEFENDANT  
 22 INSURERS breached any duty of good faith and fair dealing to NAMMO TALLEY.

23 **ANSWER:**

24 In addition to the General Objections, Nammo Talley specifically objects to this  
 25 Interrogatory on the grounds that it is unlimited in time, overly broad, unduly  
 26 burdensome, oppressive, and seeks information that is neither relevant to the subject  
 27 matter of this litigation, nor reasonably likely to lead to the discovery of admissible  
 28 evidence. Additionally, Nammo Talley objects to this Interrogatory to the extent that it  
 seeks information which may be derived or ascertained from documents already within

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1 Defendant Insurers' possession, custody and/or control, including their claims files.  
2 Nammo Talley further objects to this Interrogatory in that the burden of deriving or  
3 ascertaining the answer is substantially the same for Defendant Insurers as it is for  
4 Nammo Talley. Nammo Talley objects to this Interrogatory to the extent that it seeks  
5 information that is not within its possession, custody or control. Nammo Talley also  
6 objections to the extent this Interrogatory seeks information that is within the  
7 possession, custody or control of third parties and/or Defendant Insurers. Nammo Talley  
8 objects to the extent this Interrogatory calls for a legal conclusion. Additionally,  
9 Nammo Talley objects to this Interrogatory as premature, given that discovery has not  
10 been completed, or even substantially done. Nammo Talley also objects to this  
11 Interrogatory on the grounds the phrase "your allegation" is undefined, vague and  
12 ambiguous. Nammo Talley further objects to this Interrogatory to the extent it seeks  
13 information protected from disclosure, whether by the attorney-client privilege, the  
14 work product doctrine, or other applicable privilege or exemption.

15 Subject to and without limiting its General and specific objections, Nammo  
16 Talley states that Defendant Allstate Insurance Company, solely as successor in interest  
17 to Northbrook Excess and Surplus Insurance Company, formerly known as Northbrook  
18 Insurance Company ("Allstate"), issued insurance policies to Nammo Talley and/or its  
19 predecessors, including but not limited to policy numbers 63-300-019 and 63-002-569  
20 (collectively, the "Allstate Policies"). Defendant Insurers Continental Casualty  
21 Company and Transportation Insurance Company issued insurance policies to Nammo  
22 Talley and/or its predecessors, including but not limited to policy numbers  
23 CCP9021329R, RDX9543831, RDX1782933, CCP2436424, and CCP004724934  
24 (collectively, the "CNA Companies Policies"). In Arizona, there is an implied duty of  
25 good faith and fair dealing in each of the aforementioned insurance contracts. The duty  
26 of good faith and fair dealing requires Allstate and CNA Companies to give the same  
27 consideration to their insured's interests as they give to their own. Allstate's and CNA

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1 Companies' refusal to defend and indemnify Nammo Talley for losses arising out of  
2 environmental property damage at the Site is directly contradicted by the terms of the  
3 Allstate Policies and the CNA Companies Policies. Allstate and CNA Companies failed  
4 to give equal consideration to Nammo Talley's interests as they gave to their own  
5 interests in arriving at their decisions. Allstate and CNA Companies have denied  
6 Nammo Talley the reasonably expected benefits of the aforementioned insurance  
7 contracts. Answering further, Nammo Talley refers Defendant Insurers to the facts  
8 identified in its Response to Interrogatories Nos. 1-6, 15 & 16.

9 12. IDENTIFY all INSURANCE POLICIES issued to NAMMO TALLEY  
10 (or its alleged predecessors) from the 1966 to the present.

11 **ANSWER:**

12 In addition to the General Objections, Nammo Talley specifically objects to this  
13 Interrogatory on the grounds that it is overly broad, unduly burdensome, oppressive, and  
14 seeks information that is neither relevant to the subject matter of this litigation, nor  
15 reasonably likely to lead to the discovery of admissible evidence. Additionally, Nammo  
16 Talley objects to this Interrogatory to the extent that it seeks information which may be  
17 derived or ascertained from documents already within Defendant Insurers' possession,  
18 custody and/or control. Nammo Talley further objects to this Interrogatory in that the  
19 burden of deriving or ascertaining the answer is substantially the same for Defendant  
20 Insurers as it is for Nammo Talley. Nammo Talley objects to this Interrogatory to the  
21 extent that it seeks information that is not within its possession, custody or control.  
22 Nammo Talley also objects to the extent this Interrogatory seeks information that is  
23 within the possession, custody or control of third parties and/or Defendant Insurers.  
24 Nammo Talley objects to the extent this Interrogatory calls for a legal conclusion.  
25 Additionally, Nammo Talley objects to this Interrogatory as premature, given that  
26 discovery has not been completed, or even substantially done. Nammo Talley further  
27 objects to this Interrogatory to the extent it seeks information protected from disclosure,

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1 whether by the attorney-client privilege, the work product doctrine, or other applicable  
2 privilege or exemption.

3 Subject to and without limiting its General and specific objections, Nammo  
4 Talley refers Defendant Insurers to documents already produced in this litigation from  
5 which they may derive or ascertain responsive information, including: NT-002373 –  
6 2603, NT003242 – 3651 (“Nammo Talley Insurance Policy Information for Pollution  
7 Losses”), and NT-001149 - 2108 (insurance policies issued to Nammo Talley), NT-  
8 002170-2171, NT-002373-2707, which were produced in response to Defendant  
9 Insurers’ First Set of Joint Requests for Production of Documents.

10 13. For each INSURANCE POLICY identified in YOUR response to  
11 Interrogatory No. 12, IDENTIFY all amounts paid under that INSURANCE POLICY to  
12 or on behalf of NAMMO TALLEY in connection with the SITE. For the purpose of  
13 this interrogatory, the term “IDENTIFY” means to state: (1) the amount of each  
14 payment; (2) the entity who paid it; (3) the subject matter of the payment; (4) the date  
15 the payment was made; (5) the INSURANCE POLICY pursuant to which the payment  
16 was made; and (6) whether the payment applied toward exhaustion of the “per  
17 occurrence” or the aggregate limits of the respective INSURANCE POLICY.

18 **ANSWER:**

19 In addition to the General Objections, Nammo Talley specifically objects to this  
20 Interrogatory on the grounds that it is overly broad, unduly burdensome, oppressive, and  
21 seeks information that is neither relevant to the subject matter of this litigation, nor  
22 reasonably likely to lead to the discovery of admissible evidence. Additionally, Nammo  
23 Talley objects to this Interrogatory to the extent that it seeks information which may be  
24 derived or ascertained from documents already within Defendant Insurers’ possession,  
25 custody and/or control. Nammo Talley further objects to this Interrogatory in that the  
26 burden of deriving or ascertaining the answer is substantially the same for Defendant  
27 Insurers as it is for Nammo Talley. Nammo Talley objects to this Interrogatory to the

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1 extent that it seeks information that is not within its possession, custody or control.  
2 Nammo Talley also objections to the extent this Interrogatory seeks information that is  
3 within the possession, custody or control of third parties and/or Defendant Insurers.  
4 Nammo Talley objects to the extent this Interrogatory calls for a legal conclusion.  
5 Additionally, Nammo Talley objects to this Interrogatory as premature, given that  
6 discovery has not been completed, or even substantially done. Nammo Talley also  
7 objects to this Interrogatory on the grounds the phrases "paid under" and "in connection  
8 with" are undefined, vague and ambiguous. Nammo Talley further objects to this  
9 Interrogatory to the extent it seeks information protected from disclosure, whether by  
10 the attorney-client privilege, the work product doctrine, or other applicable privilege or  
11 exemption. Nammo Talley also objects to this Interrogatory to the extent it seeks  
12 information protected from disclosure by agreement(s) requiring Nammo Talley to keep  
13 information such strictly confidential.

14 Subject to and without limiting its General and specific objections, Nammo  
15 Talley states that, upon information and belief, other than certain sums associated with  
16 confidential settlement agreements, no amount has been paid under any such insurance  
17 policy to or on behalf of Nammo Talley in connection with the Site.

18 14. IDENTIFY all settlements entered into by NAMMO TALLEY (including,  
19 but not limited to any settlement with its insurers) that RELATES TO NAMMO  
20 TALLEY'S environmental liabilities for the SITE including what, if any, portion of any  
21 settlement payment was allocated to payment of environmental liabilities for the SITE.

22 **ANSWER:**

23 In addition to the General Objections, Nammo Talley specifically objects to this  
24 Interrogatory on the grounds that it is overly broad, unduly burdensome, oppressive, and  
25 seeks information that is neither relevant to the subject matter of this litigation, nor  
26 reasonably likely to lead to the discovery of admissible evidence. Additionally, Nammo  
27 Talley objects to this Interrogatory to the extent that it seeks information which may be

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1 derived or ascertained from documents already within Defendant Insurers' possession,  
2 custody and/or control. Nammo Talley further objects to this Interrogatory in that the  
3 burden of deriving or ascertaining the answer is substantially the same for Defendant  
4 Insurers as it is for Nammo Talley. Nammo Talley objects to this Interrogatory to the  
5 extent that it seeks information that is not within its possession, custody or control.  
6 Nammo Talley also objects to the extent this Interrogatory seeks information that is  
7 within the possession, custody or control of third parties and/or Defendant Insurers.  
8 Nammo Talley objects to the extent this Interrogatory calls for a legal conclusion.  
9 Additionally, Nammo Talley objects to this Interrogatory as premature, given that  
10 discovery has not been completed, or even substantially done. Nammo Talley also  
11 objects to this Interrogatory on the grounds the phrase "environmental liabilities" is  
12 undefined, vague and ambiguous. Nammo Talley further objects to this Interrogatory t  
13 to the extent it seeks information protected from disclosure, whether by the attorney-  
14 client privilege, the work product doctrine, or other applicable privilege or exemption.  
15 Nammo Talley also objects to this Interrogatory to the extent it seeks information  
16 protected from disclosure by agreement(s) requiring Nammo Talley to keep information  
17 such confidential.

18 Subject to and without limiting its General and specific objections, Nammo  
19 Talley states that it has settled its insurance claims, including those relating to the Site,  
20 with the two insurance company defendants that have been dismissed from this action,  
21 the terms of which are strictly confidential and non-discoverable.

22 15. IDENTIFY all facts that support YOUR claim that NAMMO TALLEY is  
23 a named insured, or is entitled to all of the rights and benefits of a named insured under  
24 each of the DEFENDANT INSURER'S INSURANCE POLICIES.

25 ANSWER:

26 In addition to the General Objections, Nammo Talley specifically objects to this  
27 Interrogatory on the grounds that it is overly broad, unduly burdensome, oppressive, and

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1 seeks information that is neither relevant to the subject matter of this litigation, nor  
2 reasonably likely to lead to the discovery of admissible evidence. Additionally, Nammo  
3 Talley objects to this Interrogatory to the extent that it seeks information which may be  
4 derived or ascertained from documents already within Defendant Insurers' possession,  
5 custody and/or control. Nammo Talley further objects to this Interrogatory in that the  
6 burden of deriving or ascertaining the answer is substantially the same for Defendant  
7 Insurers as it is for Nammo Talley. Nammo Talley objects to this Interrogatory to the  
8 extent that it seeks information that is not within its possession, custody or control.  
9 Nammo Talley also objects to the extent this Interrogatory seeks information that is  
10 within the possession, custody or control of third parties and/or Defendant Insurers.  
11 Nammo Talley objects to the extent this Interrogatory calls for a legal conclusion.  
12 Additionally, Nammo Talley objects to this Interrogatory as premature, given that  
13 discovery has not been completed, or even substantially done. Nammo Talley further  
14 objects to this Interrogatory to the extent it seeks information protected from disclosure,  
15 whether by the attorney-client privilege, the work product doctrine, or other applicable  
16 privilege or exemption.

17 Subject to and without limiting its General and specific objections, Nammo  
18 Talley refers Defendants to the Named Insured provisions of their policies. Nammo  
19 Talley further states that Nammo Talley Industries, Inc. was formed in 1960. In 1975  
20 Nammo Talley Industries, Inc.'s flagship organization, the Nammo Talley/Mesa  
21 division, was incorporated as Nammo Talley Industries of Arizona, Inc. Nammo Talley  
22 Industries of Arizona, Inc. was renamed Nammo Talley Defense Systems, Inc. in 1984.  
23 Carpenter Technology Corporation purchased Nammo Talley Industries, Inc. in 1998.  
24 In 1999 an employee buyout was completed through the formation of an Employee  
25 Stock Ownership Plan and Nammo Talley Defense Systems, Inc. became a stand-alone,  
26 privately held, 100% employee-owned company. Nammo Talley Defense Systems, Inc.  
27 was purchased as a wholly-owned subsidiary of Nammo AS (a Norwegian corporation)

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1 in 2007. In 2008 Nammo Talley Defense Systems, Inc. was renamed Nammo Talley,  
2 Inc.

3 Answering further, Nammo Talley refers Defendant Insurers to the following  
4 documents already produced in this litigation from which they may derive or ascertain  
5 responsive information: [NT-003346 – 53 (“Nammo Talley, Inc. Company History”),  
6 NT-002304 - 05 (Certificate of Incorporation of Nammo Talley Industries of Arizona,  
7 Inc.), and NT-003658 - 99 (Stock Purchase Agreement, dated June 30, 1999), which  
8 were produced in response to Defendants’ First Set of Joint Requests for Production of  
9 Documents].

10 16. IDENTIFY each discharge, dispersal, release or escape of POLLUTANTS  
11 at or from the SITE that caused the PERSONAL INJURIES or PROPERTY DAMAGE  
12 for which YOU are seeking coverage in the COMPLAINT. For the purpose of this  
13 interrogatory, the term “IDENTIFY” means to state: (1) the date on which each  
14 discharge, dispersal, release or escape began; (2) the duration of each discharge,  
15 dispersal, release or escape; (3) the specific cause of each discharge, dispersal, release  
16 or escape; (4) the specific amount of PROPERTY DAMAGE or PERSONAL  
17 INJURIES attributable to each discharge, dispersal, release or escape; (5) the specific  
18 substance that was discharged, dispersed, released or escaped; (6) whether the  
19 discharge, dispersal, release or escape was into the land, atmosphere or watercourse or  
20 body of water; (7) the specific location where the discharge, dispersal, release or escape  
21 took place; (8) whether the substances involved were discharged, dispersed, released or  
22 escaped from a container or contained area.

23 **ANSWER:**

24 In addition to the General Objections, Nammo Talley specifically objects to this  
25 Interrogatory on the grounds that it is overly broad, unduly burdensome, oppressive, and  
26 seeks information that is neither relevant to the subject matter of this litigation, nor  
27 reasonably likely to lead to the discovery of admissible evidence. Additionally, Nammo

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1 Talley objects to this Interrogatory to the extent that it seeks information which may be  
2 derived or ascertained from documents already within Defendant Insurers' possession,  
3 custody and/or control. Nammo Talley further objects to this Interrogatory in that the  
4 burden of deriving or ascertaining the answer is substantially the same for Defendant  
5 Insurers as it is for Nammo Talley. Nammo Talley objects to this Interrogatory to the  
6 extent that it seeks information that is not within its possession, custody or control.  
7 Nammo Talley also objects to the extent this Interrogatory seeks information that is  
8 within the possession, custody or control of third parties and/or Defendant Insurers.  
9 Nammo Talley objects to the extent this Interrogatory calls for a legal conclusion.  
10 Additionally, Nammo Talley objects to this Interrogatory as premature, given that  
11 discovery has not been completed, or even substantially done. Nammo Talley also  
12 objects to this Interrogatory on the grounds the terms/phrases "specific cause", "specific  
13 amount", "attributable to", "specific substance", "land", "atmosphere", "watercourse",  
14 and "body of water", "specific location", "container" and "contained area" are  
15 undefined, vague and ambiguous. Nammo Talley further objects to this Interrogatory to  
16 the extent it seeks information protected from disclosure, whether by the attorney-client  
17 privilege, the work product doctrine, or other applicable privilege or exemption.

18 Subject to and without limiting its General and specific objections, Nammo  
19 Talley states that the likely sources of the unexpected and unintended contamination are  
20 occurrences, which were unknown at the time, from operations that were in  
21 conformance with state of the art and best practices for the time, as well as applicable  
22 regulatory guidelines and permits in effect at the time of operation, including:

23 *Thermal Treatment Unit*

24 From approximately 1966 until 1995, and to some extent until 2008, lead-  
25 containing waste propellants were "treated" at Nammo Talley's TTU by means of open  
26 burning. For instance, during late 1976 and early 1977, Nammo Talley burned  
27 approximately 1,000 pounds of propellant containing 54.4% lead nitrate. Nammo

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1 Talley also burned 200 pounds of lead styphnate during September 1979. Additionally,  
2 until 1995, Nammo Talley regularly burned a propellant containing 0.5% (by weight)  
3 dibasic lead phosphate and various initiators or detonation cords, which may have  
4 contained trace (milligram quantities) of lead compounds. Such waste propellants were  
5 burned in the steel burn boxes originally situated in the Old Burn Box Area and  
6 relocated in September 1991 to Pit # 2- # 5.

7 The TTU is located at Nammo Talley's site in Mesa Arizona, specifically  
8 northwest of Plant No. 4, north of Plant No. 2, and approximately 1.25 miles north-  
9 northeast of the intersection of East Thomas Road and Higley Road. The TTU is a  
10 polygonal-shaped area, approximately 380 feet by 320 feet, consisting of several burn  
11 pits, currently referred to as Pit # 1, Pit # 2 - # 5, and Pit # 6. Each burn pit was  
12 surrounded on three sides by earthen berms. The berms ranged in height from  
13 approximately 2 feet to 5 feet and consisted of soil and weathered bedrock materials that  
14 were graded from the TTU site during construction of the burn pits. The widths of the  
15 berms range from 20 feet to 30 feet along the rear of the pits to 10 feet to 15 feet along  
16 the sides. Pit # 1 and Pit # 2 - # 5 occupied an area approximately 80 feet in length by  
17 120 feet in width. Because of the width of the berms, the actual size of the area used for  
18 thermally treating waste propellants was significantly smaller. The interior of Pit # 2 - #  
19 5 was approximately 60 feet long by 75 feet wide. Originally, Pit # 2 - # 5 was  
20 comprised of four distinct pits, *i.e.* Pit # 2, Pit # 3, Pit # 4, and Pit # 5, separated by  
21 earthen berms. During 1991, the berms separating these four burn pits were removed  
22 resulting in one large pit, *i.e.* Pit # 2 - # 5.

23 An area identified as the Old Burn Box Area was situated on the southwest  
24 portion of the TTU. No earthen berms were constructed in the Old Burn Box Area; it  
25 was essentially a flat area that contained two burn boxes. In 1991, these steel burn  
26 boxes were moved to Pit #2-#5.

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1        Additionally, prior to promulgation of RCRA regulations, Nammo Talley treated  
2 a small amount of explosives containing lead styphnate and lead nitrate compounds in  
3 pits dug on the southeastern portion of the TTU.

4        Nammo Talley, along with industry experts at the time, fully expected the  
5 excessive heat of the TTU to fully disintegrate all materials and waste treated in this  
6 manner. In addition, Nammo Talley's open burning operations were conducted in  
7 accordance with the conditions specified in its Open Burning Permit for Hazardous  
8 Materials issued by ADEQ, the 1991 Consent Decree, as well as its Part B permit  
9 application that was being reviewed by ADEQ. Nammo Talley adhered to the  
10 comprehensive procedures for collection and burning of its waste propellants as stated  
11 in its Part B permit application. For instance, ash residues from the burn boxes  
12 containing metal (mainly lead) potentially exceeding the RCRA Toxicity Characteristic  
13 limit were removed and placed in a properly labeled Satellite Accumulation drum for  
14 off-site disposal at a hazardous waste treatment, storage or disposal facility.

15        Unknown failure of materials treated in the TTU to fully disintegrate  
16 unintentionally and unexpectedly resulted in lead contamination in on-site soils, as well  
17 as off-site soils where storm water appears to have transported some of the  
18 contaminants onto neighboring property. Nammo Talley has incurred approximately  
19 \$810,870 in costs in connection with remediating lead contamination at and around the  
20 Site and anticipates incurring substantial additional costs. Further, based on recent  
21 investigations, Nammo Talley expects to incur significant additional, and yet to be  
22 ascertained, costs to address off-site groundwater impacts resulting from unexpected  
23 and unintended perchlorate contamination.

24        *Water Bore-Out Pits/ Historic Pond Area*

25        From at least 1973, (and possibly as early as the mid-1960s), to 1990, rocket  
26 motors that required servicing were bored out at the operations building, *i.e.* the Water  
27 Bore-Out ("WBO") Operations Building, using a stream of high-pressure water to

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1 disintegrate the solid perchlorate-containing propellant filler, liner, and boot. The water  
2 from these operations was screened in a metal container, which was expected to collect  
3 most of the solid material. The water then flowed into a concrete trough and then into a  
4 55 gallon container where Nammo Talley expected the remaining solids to be separated  
5 from the water by settling. The water and dissolved suspended solids, (unknown at the  
6 time), flowed out of the second container into a concrete trough that conveyed the liquid  
7 stream from the operation building to two unlined surface impoundments, *i.e.* WBO Pit  
8 1 and WBO Pit 2. During the time the water bore-out operation process was  
9 operational, such discharges ranged from 110,000 gallons/year to 410,000 gallons/year.

10 Plant #3 and the WBO Pits are located in the southwestern portion of Nammo  
11 Talley's Site, approximately 1.5 miles northeast of the intersection of East McDowell  
12 Road and North Greenfield Road. The WBO Pits are located approximately one-quarter  
13 mile east of the main Plant #3 facilities. These two unlined surface impoundments, each  
14 approximately 45 feet long by 12 feet wide, were enclosed within earthen berms,  
15 approximately 5 feet high and 7.5 to 10 feet wide, occupying a rectangular-shaped area  
16 approximately 61 feet long by 55 feet wide. The WBO Operations Building,  
17 constructed of concrete, is located approximately 210 feet northwest of the WBO Pits.  
18 As noted *supra*, water and suspended solids generated during WBO operations at this  
19 building were conveyed to the pits via a concrete trough.

20 An historic pond area (a/k/a historic pit area) ("HPA") has been identified as a  
21 probable predecessor to the WBO Pits. Historical aerial photographs from at least as  
22 early as 1964 through 1984 depict the HPA adjacent to the WBO Operations Building  
23 and approximately 150 feet north of the WBO Pits. Historical use of the HPA was  
24 apparently similar to that of the WBO Pits. The exact dimensions of the HPA appear to  
25 have varied and are unknown. The HPA appears to have been decommissioned by  
26 1987.

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1       The presence of unknown solids that failed to full precipitate in the WBO  
 2 Pits/HPA unintentionally and unexpectedly resulted in perchlorate contamination in on-  
 3 site soils and groundwater as well as neighboring groundwater wells and property off-  
 4 site. Nammo Talley has incurred approximately \$1,495,162 in costs in connection with  
 5 remediating perchlorate contamination at and around the Site and anticipates incurring  
 6 substantial additional costs.

7       Answering further, Nammo Talley refers Defendant Insurers to the following  
 8 documents already produced in this litigation from which they may derive or ascertain  
 9 responsive information: NT-005267 - 71 (March 2012 Cost Estimate for Historical  
 10 Lead Contamination and Remediation); NT-005305 - 13 (June 8, 2012 Cost Actual/  
 11 Estimate for Historical WBO Perchlorate Contamination & Remediation), NT-083661 -  
 12 3703 (WBO Perchlorate Est. Remediation Costs History 6-2012), NT-005272 - 5304  
 13 (TTU Soil Remediation Costs History 6-7-12), NT-003333 - 3479 (claim information  
 14 booklet submitted to, among others, CNA and Allstate, on October 22, 2008), NT-  
 15 002743 - 48 (Letter from P. Lagas, Basin & Range Hydrogeologists, Inc. to D. Jones,  
 16 Nammo Talley Defense Systems, dated March 31, 1997), NT-002292 - 2303 (site  
 17 inspection document submitted to the EPA in 1980), and NT-002741 - 42 ("Old Water  
 18 Bore-Out Information Nammo Talley Defense Systems, Inc. – Plant #3 3520 North  
 19 Greenfield Road, Mesa, Arizona 85215"), NT-002276 - 91 (ADEQ Fact Sheet Aquifer  
 20 Protection Permit Place ID #1407, LTF #46292 Significant Amendment Nammo-  
 21 Nammo Talley, Inc., Plant No. 3"), NT-002708 - 40 (State of Arizona Significant  
 22 Amendment to Aquifer Protection Permit No. P-101370 Place ID #1407, LTF #46292),  
 23 NT-004729 – 5029 (Closure Plan Thermal Treatment Unit, dated April 11, 2012,  
 24 prepared by Brown and Caldwell), NT-004245 - 73 (Infiltration Testing Plant No. 3,  
 25 Nammo Talley, Inc. Mesa, Arizona, dated January 2011, prepared by Geosyntec  
 26 Consultants), NT-003189 - 3241 (Supplemental Perchlorate Source Investigation Plant  
 27 #3 Nammo Talley, Inc. Mesa, Arizona, dated September 2010, prepared by Geosyntec

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1 Consultants), NT-003129 - 88 (Work Plan for A Pilot Test of Perchlorate  
 2 Bioremediation at the Former Water Bore-Out Facility, dated October 2009, prepared  
 3 by Geosyntec Consultants), NT-000309 - 26 (Technical Memorandum regarding  
 4 Budgetary Estimates of Future Environmental Costs to Complete Closure under the  
 5 Resource Conservation and Recovery Act (RCRA) of the Thermal Treatment Unit  
 6 (TTU) located at Nammo Talley, Mesa, Arizona, dated July 9, 2009, prepared by Brown  
 7 and Caldwell), NT-002836 - 3128 (Perchlorate Source Investigation Nammo Talley,  
 8 Inc. Mesa, Arizona, dated June 2009, prepared by Geosyntec Consultants), NT-012457  
 9 (Letter from D. Conroy, Maricopa Cnty. Health Dept., to J. Gaetjens, City of Mesa,  
 10 dated January 6, 1984), NT-001143 ("Nammo Talley General Property Map Figure 2"),  
 11 NT-034428 - 59 (Consent Judgment in *State of Arizona v. Nammo Talley Defense*  
 12 *Systems, Inc.*, Case No. CV90-26811), and NT-001147 (composite of historical aerial  
 13 photographs dated 1969, 1984, 1987, and 2008 depicting HPA), which were produced  
 14 in response to Defendants' First Set of Joint Requests for Production of Documents.

15 17. IDENTIFY each discharge, dispersal, release or escape of POLLUTANTS  
 16 at or from the SITE that YOU claim was not gradual or continuous.

17 **ANSWER:**

18 In addition to the General Objections, Nammo Talley specifically objects to this  
 19 Interrogatory on the grounds that it is unlimited in time, overly broad, unduly  
 20 burdensome, oppressive, and seeks information that is neither relevant to the subject  
 21 matter of this litigation, nor reasonably likely to lead to the discovery of admissible  
 22 evidence. Additionally, Nammo Talley objects to this Interrogatory to the extent that it  
 23 seeks information which may be derived or ascertained from documents already within  
 24 Defendant Insurers' possession, custody and/or control. Nammo Talley further objects  
 25 to this Interrogatory in that the burden of deriving or ascertaining the answer is  
 26 substantially the same for Defendant Insurers as it is for Nammo Talley. Nammo Talley  
 27 objects to this Interrogatory to the extent that it seeks information that is not within its

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1 possession, custody or control. Nammo Talley also objects to the extent this  
2 Interrogatory seeks information that is within the possession, custody or control of third  
3 parties and/or Defendant Insurers. Nammo Talley objects to the extent this Interrogatory  
4 calls for a legal conclusion. Additionally, Nammo Talley objects to this Interrogatory  
5 as premature, given that discovery has not been completed, or even substantially done.  
6 Nammo Talley also objects to this Interrogatory on the grounds the terms "gradual" and  
7 "continuous" are undefined, vague and ambiguous. Nammo Talley further objects to  
8 this Interrogatory to the extent it seeks information protected from disclosure, whether  
9 by the attorney-client privilege, the work product doctrine, or other applicable privilege  
10 or exemption.

11 Subject to and without limiting its General and specific objections, Nammo  
12 Talley incorporates its Response to Interrogatories Nos. 2, 16 & 29.

13 18. IDENTIFY all facts supporting YOUR response to Interrogatory No. 17.  
14 For the purpose of this interrogatory, the term "IDENTIFY" means to state (1) the date  
15 and time of each RELEASE of POLLUTANTS which was not gradual or continuous  
16 and (2) the amount of each POLLUTANT RELEASED that was not gradual or  
17 continuous.

18 **ANSWER:**

19 In addition to the General Objections, Nammo Talley specifically objects to this  
20 Interrogatory on the grounds that it is unlimited in time, overly broad, unduly  
21 burdensome, oppressive, and seeks information that is neither relevant to the subject  
22 matter of this litigation, nor reasonably likely to lead to the discovery of admissible  
23 evidence. Additionally, Nammo Talley objects to this Interrogatory to the extent that it  
24 seeks information which may be derived or ascertained from documents already within  
25 Defendant Insurers' possession, custody and/or control. Nammo Talley further objects  
26 to this Interrogatory in that the burden of deriving or ascertaining the answer is  
27 substantially the same for Defendant Insurers as it is for Nammo Talley. Nammo Talley

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1 objects to this Interrogatory to the extent that it seeks information that is not within its  
2 possession, custody or control. Nammo Talley also objects to the extent this  
3 Interrogatory seeks information that is within the possession, custody or control of third  
4 parties and/or Defendant Insurers. Nammo Talley objects to the extent this Interrogatory  
5 calls for a legal conclusion. Additionally, Nammo Talley objects to this Interrogatory  
6 as premature, given that discovery has not been completed, or even substantially done.  
7 Nammo Talley also objects to this Interrogatory on the grounds the terms "gradual" and  
8 "continuous" are undefined, vague and ambiguous. Nammo Talley further objects to  
9 this Interrogatory to the extent it seeks information protected from disclosure, whether  
10 by the attorney-client privilege, the work product doctrine, or other applicable privilege  
11 or exemption.

12 Subject to and without limiting its General and specific objections, Nammo  
13 Talley refers Defendant Insurers to its Response to Interrogatories Nos. 2, 16, 29 & 30.

14 19. IDENTIFY each discharge, dispersal, release or escape of POLLUTANTS  
15 at or from the SITE that YOU claim was sudden and accidental. For the purpose of this  
16 interrogatory, the term "sudden and accidental" has the same meaning as used in the  
17 DEFENDANTS' INSURANCE POLICIES.

18 **ANSWER:**

19 In addition to the General Objections, Nammo Talley specifically objects to this  
20 Interrogatory on the grounds that it is unlimited in time, overly broad, unduly  
21 burdensome, oppressive, and seeks information that is neither relevant to the subject  
22 matter of this litigation, nor reasonably likely to lead to the discovery of admissible  
23 evidence. Additionally, Nammo Talley objects to this Interrogatory to the extent that it  
24 seeks information which may be derived or ascertained from documents already within  
25 Defendant Insurers' possession, custody and/or control. Nammo Talley further objects  
26 to this Interrogatory in that the burden of deriving or ascertaining the answer is  
27 substantially the same for Defendant Insurers as it is for Nammo Talley. Nammo Talley

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1 objects to this Interrogatory to the extent that it seeks information that is not within its  
 2 possession, custody or control. Nammo Talley also objections to the extent this  
 3 Interrogatory seeks information that is within the possession, custody or control of third  
 4 parties and/or Defendant Insurers. Nammo Talley objects to the extent this Interrogatory  
 5 calls for a legal conclusion. Additionally, Nammo Talley objects to this Interrogatory  
 6 as premature, given that discovery has not been completed, or even substantially done.  
 7 Nammo Talley also objects to this Interrogatory on the grounds the terms "sudden" and  
 8 "accidental" are undefined, vague and ambiguous. Additionally, Nammo Talley objects  
 9 to this Interrogatory on the grounds that it is vague and misleading in that the insurance  
 10 policies at issue in this litigation do not define the terms "sudden" and "accidental" as  
 11 insinuated in this Interrogatory. Nammo Talley further objects to this Interrogatory to  
 12 the extent it seeks information protected from disclosure, whether by the attorney-client  
 13 privilege, the work product doctrine, or other applicable privilege or exemption.

14 Subject to and without limiting its General and specific objections, Nammo  
 15 Talley states that it claims that each discharge, dispersal, release or escape of  
 16 POLLUTANTS at or from the SITE that caused the PROPERTY DAMAGE for which  
 17 it is seeking coverage in the COMPLAINT, and as identified in its Responses to  
 18 Interrogatories Nos. 2 & 16 *supra*, was "sudden", *i.e.* "unexpected or unintended", and  
 19 "accidental" as those terms are used, if at all, in DEFENDANTS' INSURANCE  
 20 POLICIES.

21 20. IDENTIFY all facts supporting YOUR response to Interrogatory No. 19.

22 **ANSWER:**

23 In addition to the General Objections, Nammo Talley specifically objects to this  
 24 Interrogatory on the grounds that it is unlimited in time, overly broad, unduly  
 25 burdensome, oppressive, and seeks information that is neither relevant to the subject  
 26 matter of this litigation, nor reasonably likely to lead to the discovery of admissible  
 27 evidence. Additionally, Nammo Talley objects to this Interrogatory to the extent that it

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1 seeks information which may be derived or ascertained from documents already within  
2 Defendant Insurers' possession, custody and/or control. Nammo Talley further objects  
3 to this Interrogatory in that the burden of deriving or ascertaining the answer is  
4 substantially the same for Defendant Insurers as it is for Nammo Talley. Nammo Talley  
5 objects to this Interrogatory to the extent that it seeks information that is not within its  
6 possession, custody or control. Nammo Talley also objects to the extent this  
7 Interrogatory seeks information that is within the possession, custody or control of third  
8 parties and/or Defendant Insurers. Nammo Talley objects to the extent this Interrogatory  
9 calls for a legal conclusion. Additionally, Nammo Talley objects to this Interrogatory  
10 as premature, given that discovery has not been completed, or even substantially done.  
11 Nammo Talley also objects to this Interrogatory on the grounds the terms "sudden" and  
12 "accidental" in Interrogatory No. 19 are undefined, vague and ambiguous.  
13 Additionally, Nammo Talley objects to this Interrogatory on the grounds that it is vague  
14 and misleading in that the insurance policies at issue in this litigation do not define the  
15 terms "sudden" and "accidental" as insinuated in Interrogatory No. 19. Nammo Talley  
16 further objects to this Interrogatory to the extent it seeks information protected from  
17 disclosure, whether by the attorney-client privilege, the work product doctrine, or other  
18 applicable privilege or exemption.

19 Subject to and without limiting its General and specific objections, Nammo  
20 Talley refers Defendant Insurers to the facts identified in its Response to Interrogatories  
21 Nos. 1-3, 16, 29 & 30.

22 21. For each discharge, dispersal, release or escape of POLLUTANTS  
23 identified in YOUR response to Interrogatory No. 16, describe all actions or efforts  
24 taken by YOU at the time of the release, discharge, dispersal or escape to contain,  
25 remove or remediate the POLLUTANTS that were discharged, dispersed, released or  
26 that escaped.

27 **ANSWER:**

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1 In addition to the General Objections, Nammo Talley specifically objects to this  
 2 Interrogatory on the grounds that it is unlimited in time, overly broad, unduly  
 3 burdensome, oppressive, and seeks information that is neither relevant to the subject  
 4 matter of this litigation, nor reasonably likely to lead to the discovery of admissible  
 5 evidence. Additionally, Nammo Talley objects to this Interrogatory to the extent that it  
 6 seeks information which may be derived or ascertained from documents already within  
 7 Defendant Insurers' possession, custody and/or control. Nammo Talley further objects  
 8 to this Interrogatory in that the burden of deriving or ascertaining the answer is  
 9 substantially the same for Defendant Insurers as it is for Nammo Talley. Nammo Talley  
 10 objects to this Interrogatory to the extent that it seeks information that is not within its  
 11 possession, custody or control. Nammo Talley also objects to the extent this  
 12 Interrogatory seeks information that is within the possession, custody or control of third  
 13 parties and/or Defendant Insurers. Nammo Talley objects to the extent this Interrogatory  
 14 calls for a legal conclusion. Additionally, Nammo Talley objects to this Interrogatory  
 15 as premature, given that discovery has not been completed, or even substantially done.  
 16 Nammo Talley also objects to this Interrogatory on the grounds the term "efforts" is  
 17 undefined, vague and ambiguous. Nammo Talley further objects to this Interrogatory to  
 18 the extent it seeks information protected from disclosure, whether by the attorney-client  
 19 privilege, the work product doctrine, or other applicable privilege or exemption.

20 Subject to and without limiting its General and specific objections, Nammo  
 21 Talley refers Defendant Insurers to the facts identified in its Response to Interrogatories  
 22 Nos. 1-3, 16, 29 & 30.

23 22. IDENTIFY all facts supporting YOUR allegation that the contamination  
 24 at or emanating from the SITE was unexpected and unintended.

25 **ANSWER:**

26 In addition to the General Objections above, Nammo Talley specifically objects  
 27 to this Interrogatory as overly broad and unduly burdensome, as it improperly asks for

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1 “all facts” in any way supporting the position that contamination at the Site was  
2 unexpected and unintended. Such a broad request would literally include almost all  
3 facts in this matter, and Nammo Talley specifically incorporates every such fact by  
4 reference. Nammo Talley further objects to this Interrogatory as attempting to  
5 improperly shift Defendant Insurers’ burden of proving policy exclusions onto Nammo  
6 Talley. It is Defendant Insurers’ burden to prove that contamination at the Mesa,  
7 Arizona site was expected and intended. Additionally, Nammo Talley objects to this  
8 Interrogatory to the extent it seeks information already known to Defendant Insurers or  
9 equally available to Defendant Insurers from sources other than Nammo Talley,  
10 including but not limited to information contained in pleadings, briefs, documents  
11 already produced, previous disclosures and other discovery in this matter. Nammo  
12 Talley also objects to this Interrogatory to the extent it seeks information that in whole  
13 or in part is protected by the attorney-client privilege and/or work product doctrine or  
14 other agreements requiring Nammo Talley to keep information confidential. Further,  
15 Nammo Talley objects to this Interrogatory because it asks Nammo Talley to prove a  
16 negative.

17 Subject to and without limiting its General and specific objections, Nammo  
18 Talley states that it used best practices and state of the art technology, and complied  
19 with applicable regulations in its operations at the Site. Additionally, the groundwater  
20 at and around the Site is located at a depth far beneath the surface (at approximately 200  
21 feet below the surface). Nammo Talley had no reason to believe, and did not believe,  
22 that its state of the art and permitted operations would contaminate the soil or  
23 groundwater, especially given the relatively low level of discharges at the Site.

24 23. IDENTIFY each of YOUR employees, agents, directors, officers,  
25 managers, supervisors, or any other person acting or purporting to act on YOUR behalf  
26 who has been charged with responsibility for monitoring or overseeing the  
27

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1 transportation, storage, disposal, treatment or release of POLLUTANTS at or from the  
2 SITE.

3 **ANSWER:**

4 In addition to the General Objections above, Nammo Talley specifically objects  
5 to this Interrogatory as overly broad and unduly burdensome, as it fails to limit the  
6 request to a relevant time period and to the relevant issues of lead and perchlorate.  
7 Nammo Talley further objects to this Interrogatory to the extent it seeks information  
8 already known to Defendant Insurers or equally available to Defendant Insurers from  
9 sources other than Nammo Talley, including but not limited to information contained in  
10 pleadings, briefs, documents already produced, previous disclosures and other discovery  
11 in this matter.

12 Subject to and without limiting its General and specific objections, Nammo  
13 Talley identifies the following known individuals involved with environmental issues at  
14 the Mesa, Arizona site:

- 15 • Brad S. Anderer - HES Manager; Technical Manager II (6/22/09 –  
16 present);
- 17 • Robert C. Blomberg - Environmental Manager; Technical Manager II  
18 (5/1/95 – present);
- 19 • Brian P. Buzash - Environmental & Safety Specialist IV (10/31/08 –  
20 present);
- 21 • Ricky P. Ferguson - Technical Safety/Environmental IV (4/17/91 –  
22 present);
- 23 • Robert B. Gray – Environmental Safety Specialist III (3/27/03 – 7/5/05);
- 24 • Scott Harczynski -Environmental Specialist; Environmental Engineer II  
25 (12/14/92 – 3/3/95);

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- 1 • Donovan Jones - Hired as Safety Director on March 6, 1967; Corporate  
2 Director of Safety in March 1971; Safety /Security Manager/Director from January 1,  
3 1984 until leaving Nammo Talley on December 31, 2002 (deceased 2012);
- 4 • Laurie Jacobson - Environmental Specialist; Environmental Engineer II  
5 (4/5/89 – 12/4/92);
- 6 • Gordon Scott Kerr - Safety Manager; Adm. Manager II (4/4/88 88 -  
7 4/19/12);
- 8 • Jeffrey L. Krivanec - Technician IV (12/22/88 – 9/29/00) (deceased);
- 9 • Paul D. Piplani – Technician II (5/7/01 – 7/6/01);
- 10 • Kevin M. Roberts – Technician I (9/11/00 – 1/14/03);
- 11 • Emily L. Strong – Environmental & Safety Specialist III (10/09/06 –  
12 9/27/07);
- 13 • Daniel V. Haun – Vice President of Engineering and Research. In 2008  
14 Mr. Haun was assigned certain responsibility for conducting environmental programs to  
15 assure compliance with environmental regulations relative to hazardous materials and  
16 hazardous waste treatment and disposal.
- 17 • Richard J. Wegener - Environmental & Safety Specialist II (5/5/08 –  
18 5/01/09);
- 19 • Steven M. Wegener – May have additional knowledge as he served as a  
20 vice president for Nammo Talley at the time the 1991 Consent Decree was entered;
- 21 • Sue Kobyleski – May have additional knowledge as she managed certain  
22 environmental issues; and
- 23 • Mark Dickerson – Former General Counsel for Nammo Talley.

24 24. IDENTIFY all of YOUR past and present property interests at the SITE.  
25 For the purpose of this interrogatory the term “property interests” includes any  
26 purchase, rental, lease, sale, or any other form of custody, control, use or occupation of  
27 any portion of the SITE. For the purpose of this interrogatory, the term “IDENTIFY”

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1 means to state: (1) the date of purchase, rental, lease or sale; (2) the specific document  
2 or agreement that records the property interest; (3) the parties involved in the purchase,  
3 rental, lease or sale; (4) the material terms of the agreement regarding the property  
4 interest; and (5) the date when the property interest terminated.

5 **ANSWER:**

6 In addition to the General Objections above, Nammo Talley specifically objects  
7 to this Interrogatory as overly broad and unduly burdensome, as it fails to limit the  
8 request to a relevant time period and relevant information. Additionally, Nammo Talley  
9 objects to this Interrogatory to the extent it seeks information already known to  
10 Defendant Insurers or equally available to Defendant Insurers from sources other than  
11 Nammo Talley, including but not limited to information contained in pleadings, briefs,  
12 documents already produced, previous disclosures, other discovery in this matter, and  
13 public documents. Nammo Talley also objects to this Interrogatory to the extent it  
14 seeks information that in whole or in part is protected by the attorney-client privilege  
15 and/or work product doctrine or other agreements requiring Nammo Talley to keep  
16 information confidential.

17 Subject to and without limiting its General and specific objections, Nammo  
18 Talley states that the Site is comprised of Plants 1, 2, 3, 4, 5, and 6. Nammo Talley  
19 owned the property on which historical Plant 1 was located. This property has since  
20 been sold and is currently the site of a Wal-Mart. Nammo Talley previously leased the  
21 property on which Plants 5 and 6 were located. Nammo Talley currently leases the  
22 property on which the current Plant 1, and Plants 2, 3, and 4 are located from the  
23 Arizona State Land Department. [See Leases, Bates Nos. NT-000001 - 46, NT-002109  
24 - 22].

25 25. IDENTIFY the earliest date at which the presence of POLLUTANTS at  
26 the SITE (including soil and groundwater) exceeded any concentration limit allowed by  
27

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1 any governmental agency, or was otherwise deemed to be hazardous to people and/or  
2 the environment.

3 **ANSWER:**

4 In addition to the General Objections above, Nammo Talley specifically objects  
5 to this Interrogatory as overly broad, unduly burdensome and unlikely to lead to the  
6 discovery of admissible evidence, as it fails to limit the request to lead and perchlorate.  
7 Additionally, Nammo Talley objects to this Interrogatory to the extent it seeks  
8 information already known to Defendant Insurers or equally available to Defendant  
9 Insurers from sources other than Nammo Talley, including but not limited to  
10 information contained in pleadings, briefs, documents already produced, previous  
11 disclosures, other discovery in this matter, and public documents. Nammo Talley  
12 further objects to this Interrogatory as vague and ambiguous, without clarifying what is  
13 meant by "deemed to be hazardous to people and/or the environment."

14 Subject to and without limiting its General and specific objections, Nammo  
15 Talley states that the applicable government agencies did not have an applicable  
16 regulatory concentration limit for perchlorate in groundwater/drinking water during the  
17 relevant time periods of Nammo Talley's operations. On June 14, 1996, Nammo Talley  
18 submitted an APP closure application and sampling plan for the WBO to ADEQ. After  
19 much negotiation, and several demands by ADEQ, Talley received final closure  
20 approval for the WBO on September 4, 2000 on the condition that Nammo Talley  
21 would annually submit a report on the status of perchlorate regulation and agree to re-  
22 open the closure permit if the EPA promulgated an applicable regulatory standard. As  
23 part of this process, ADEQ required Nammo Talley to conduct additional investigations  
24 for perchlorate. [See Bates Nos. NT-003384-3386].

25 In December 2008, EPA issued for the first time an interim health advisory to  
26 assist state and local officials in addressing local contamination of perchlorate in  
27 drinking water. Around this time, ADEQ reopened the closure permit and continued to

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1 affirmatively assert its regulatory authority over Nammo Talley pursuant to the APP  
2 program and alleged violations of AACR-18-11-405(c) and A.R.S. § 49-241 regarding  
3 the discharge of a pollutant in an aquifer that impairs existing or reasonably foreseeable  
4 uses of water in an aquifer. The interim health advisory level of 14 micrograms per  
5 liter, or parts per billion, is based on the reference dose recommended by the National  
6 Research Council of the National Academy of Sciences. Nammo Talley further refers  
7 Defendant Insurers to the Perchlorate Remedial Action Work Plan Plant No. 3, Nammo  
8 Talley, Inc. Mesa, Arizona, dated February 2011, prepared by Geosyntec Consultants,  
9 Bates Nos. NT-004187 - 4244, already produced in this litigation from which they may  
10 derive or ascertain further responsive information, including but not limited to  
11 applicable levels and/or concentrations and analytical results.

12 With respect to lead contamination, during the period from December 1986 to  
13 September 1991, a series of soil assessment activities were completed to determine the  
14 levels of leachable metals in soils at various locations within the TTU after site-wide  
15 and spot soil removal was performed. The leachable metals concentrations in soil were  
16 determined using the extraction procedure – toxicity (“EP-TOX”) prior to 1989 and the  
17 Toxicity Characteristic Leaching Procedure (“TCLP”) after 1989. As part of a Consent  
18 Judgment executed on September 6, 1991 between Nammo Talley and the State of  
19 Arizona (represented by ADEQ and the Arizona Attorney General, a Site Assessment  
20 Plan (“SAP”) (Basin & Range, 1991) was submitted to ADEQ for the TTU. The SAP,  
21 which determined the extent of contamination, was approved by ADEQ in December  
22 1996 and was followed by numerous clean-up actions from 2000 to present. In 2009, a  
23 second SAP was implemented as part of the site closure and contains the soil data used  
24 to estimate soil clean-up requirements. Nammo Talley refers Defendant Insurers to the  
25 Closure Plan Thermal Treatment Unit, dated April 11, 2012, prepared by Brown and  
26 Caldwell, Bates nos. NT-004729 - 5029, already produced in this litigation from which

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1 they may derive or ascertain further responsive information, including but not limited to  
2 applicable levels and/or concentrations and analytical results.

3 26. IDENTIFY the specific amount of PROPERTY DAMAGE or  
4 PERSONAL INJURIES that resulted or occurred for each year that the  
5 DEFENDANTS' INSURANCE POLICIES were in effect.

6 **ANSWER:**

7 In addition to the General Objections above, Nammo Talley specifically objects  
8 to this Interrogatory as overly broad, unduly burdensome, and not reasonably calculated  
9 to the discovery of admissible evidence. Nammo Talley further objects to this  
10 Interrogatory as vague and ambiguous, and asking a compound question of property  
11 damage that "resulted" or "occurred" in a given year. Moreover, Nammo Talley objects  
12 to this Interrogatory to the extent it seeks information already known to Defendant  
13 Insurers or equally available to Defendant Insurers from sources other than Nammo  
14 Talley, including but not limited to information contained in pleadings, briefs,  
15 documents already produced, previous disclosures and other discovery in this matter.  
16 Additionally, Nammo Talley objects to this Interrogatory to the extent it implies that  
17 Nammo Talley paid damages on account of personal injuries in connection with the site.  
18 Nammo Talley further objects to this Interrogatory as seeking expert opinion or  
19 otherwise seeking to impose obligations on Nammo Talley in addition to or in excess of  
20 those authorized by the Federal Rules of Civil Procedure and/or any other applicable  
21 rules or orders.

22 Subject to and without limiting its General and specific objections, Nammo  
23 Talley states that it has not been able to determine the specific amount of property  
24 damage that resulted or occurred in any given year. The contamination, though  
25 unexpected and unintended, was continuous and happened during all policy years.

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1           27. IDENTIFY when YOU first became aware of each item of PROPERTY  
2 DAMAGE and/or PERSONAL INJURIES for which YOU are seeking coverage in the  
3 COMPLAINT.

4 **ANSWER:**

5           In addition to the General Objections above, Nammo Talley specifically objects  
6 to this Interrogatory as overly broad, unduly burdensome, and not reasonably calculated  
7 to the discovery of admissible evidence. Nammo Talley further objects to this  
8 Interrogatory to the extent it sets limitations or otherwise varies from the policies'  
9 language. The policies provide coverage here for third-party liability, not first party  
10 liability, and accordingly provide coverage for "all sums which the insured shall  
11 become legally obligated to pay as damages because of . . . property damage."  
12 (Emphasis added). Moreover, Nammo Talley objects to this Interrogatory to the extent  
13 it seeks information already known to Defendant Insurers or equally available to  
14 Defendant Insurers from sources other than Nammo Talley, including but not limited to  
15 information contained in pleadings, briefs, documents already produced, previous  
16 disclosures and other discovery in this matter. Additionally, Nammo Talley objects to  
17 this Interrogatory to the extent it implies that Nammo Talley paid damages on account  
18 of personal injuries in connection with the site. Nammo Talley further objects to this  
19 Interrogatory as seeking expert opinion or otherwise seeking to impose obligations on  
20 Nammo Talley in addition to or in excess of those authorized by the Federal Rules of  
21 Civil Procedure and/or any other applicable rules or orders.

22           Subject to and without limiting its General and specific objections, Nammo  
23 Talley refers Defendant Insurers to its Responses to Interrogatories Nos. 1-6, 16, 25, 29  
24 & 30.

25           28. IDENTIFY each of YOUR existing and former departments, divisions or  
26 other organizational units that has or had primary responsibility for ensuring YOUR  
27 compliance with environmental laws and regulations at the SITE or for generating or

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1 maintaining information concerning environmental matters with respect to the SITE, or  
2 for conducting or supervising, investigations relating to environmental matters at the  
3 SITE.

4 **ANSWER:**

5 In addition to the General Objections above, Nammo Talley objects to this  
6 Interrogatory on the grounds that it is vague, not limited in scope or time, and  
7 duplicative of Interrogatory No. 23. Subject to and without waiving its General and  
8 specific objections, Nammo Talley responds that its Health, Environmental, and Safety  
9 Department, which was formerly known as the Safety Department and the Safety and  
10 Environmental Quality Department, has the primary responsibility for the matters listed  
11 in this Interrogatory.

12 29. IDENTIFY each instance of actual or alleged non-compliance with, or  
13 actual or alleged violation of, any local, state or federal law, statute, regulatory, permit  
14 or order concerning the regulation of POLLUTANTS and/or the protection of the  
15 environment, including land, groundwater, and surface water. For the purpose of this  
16 interrogatory, the term "IDENTIFY" means to state: (1) the specific statute, regulation,  
17 law, permit or order that was actually or allegedly violated; (2) the date that such actual  
18 or alleged violation took place; and (3) the circumstances giving rise to each actual or  
19 alleged violation.

20 **ANSWER:**

21 In addition to the General Objections above, Nammo Talley objects to this  
22 Interrogatory on the grounds that it is vague, not limited in scope or time, and not  
23 reasonably calculated to lead to the discovery of admissible evidence in that it broadly  
24 encompasses alleged or actual violations over the 60-plus years of operation of the Site,  
25 to the extent any exist, that have no bearing or impact on the current environmental  
26 conditions at the Site, Nammo Talley's insurance claim against Defendant Insurers  
27 regarding perchlorate contamination and the closure of the TTU, or the current

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1 environmental investigation and remediation obligations resulting in the costs Nammo  
2 Talley seeks to recover from Defendant Insurers. Such information is irrelevant.  
3 Moreover, this Interrogatory is grossly overbroad and would result in an undue burden  
4 being placed on Nammo Talley. Indeed, Nammo Talley has provided, or will provide,  
5 all the historic operating and environmental-related files in its possession from which  
6 Defendant Insurers may obtain additional responsive information.

7       Subject to and without waiving its General and specific objections, Nammo  
8 Talley responds that with the passing of the Resource Conservation & Recovery Act  
9 (“RCRA”) in the late 1970s, and its codification and amendments into the early 1980s,  
10 the waste propellants generated as a result of manufacturing operations at the Site were  
11 defined as hazardous waste if they exhibited hazardous waste “characteristics of re-  
12 activity,” as defined in U.S. Government Code of Federal Regulations (C.F.R.) Title 40  
13 Part 261.23. As such, waste propellants were treated at the TTU in compliance with 40  
14 C.F.R. § 265.382 of RCRA, by means of open burning which during its operation was  
15 the only safe and recommended method for treatment of such materials. During the  
16 applicable policy periods, Nammo Talley had no knowledge of any unauthorized  
17 releases or spills at its TTU in violation of any regulation or permit.

18       Prior to that time, however, Arizona Department of Health Services alleged that  
19 Nammo Talley had violated certain state regulations. For example, on June 10, 1986,  
20 the Arizona Department of Health Services sent correspondence to Mr. Donovan J.  
21 Jones of Nammo Talley outlining alleged violations of Arizona Official Compilation of  
22 Administrative Code Rules & Regulations (“ACRR”) R9-8-1801 *et seq.* Regulators had  
23 apparently observed certain alleged violations in an Hazardous Waste Facility  
24 Inspection conducted on February 5, 1986, in accordance with A.R.S. 36-28-21 [See  
25 NT-017143 - 48]. Nammo Talley disputed each of these violations. [See generally NT-  
26 023433 - 554].

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1 In 1991, Nammo Talley entered into a Consent Order with ADEQ to determine if  
2 soils at the TTU and the inactive WBO area at Plant 3 had been adversely impacted by  
3 historic operations. [See Bates Nos. NT00248 – 81]. The Consent Order, in addition to  
4 requiring Nammo Talley to pay a penalty which Nammo Talley is not seeking to  
5 recover from Defendant Insurers, required Nammo Talley to submit a revised Part B  
6 Permit Application pursuant to RCRA. Various compliance inspections occurred and  
7 resulted in some alleged violations, which Nammo Talley refuted. [See, e.g., NT-  
8 077526 - 42, NT-077745 - 65]. The Consent Order, and the final revised Part B Permit,  
9 required Nammo Talley to perform certain activities regarding the treatment and  
10 disposal of hazardous waste at the Site. Additionally, in late 1993/early 1994, EPA  
11 conducted a RCRA Facility Assessment of the TTU and Plants 2 through 6 at the Site.  
12 The Facility Assessment identified 52 solid waste management units (“SWMUs”) and  
13 16 additional areas of concern. [See NT-032452 – 55; NT-065515 - 639].

14 In early 2008, Nammo Talley formally advised ADEQ that it would no longer  
15 need to open burn waste propellant. Instead, Nammo Talley began disposing of the  
16 propellant at a Part B permitted, EPA regulated, TTU facility. As a requirement of  
17 Nammo Talley’s interim status RCRA Part B Permit, the TTU was required to undergo  
18 a regulatory closure. Nammo Talley submitted a formal closure plan that was subject to  
19 the review and approval of ADEQ. ADEQ alleged various supposed violations of the  
20 closure requirements under the Part B Permit, which were disputed by Nammo Talley  
21 [See, e.g., Bates Nos. NT-00103 - 247].

22 Further, in approximately December 2007, Nammo Talley also applied for a  
23 permanent amendment to its APP Permit P-101370, hoping to amend the former WBO  
24 Facility Closure Plan to include additional investigations for ammonium perchlorate.  
25 Although there is no specific applicable regulatory limit for perchlorate in the  
26 groundwater, the release of such substance represents an occurrence during the policy  
27 period of Defendant Insurers’ policies, which ADEQ alleges violated A.R.S. § 49-241

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1 by impairing a reasonably foreseeable use of an aquifer. Nammo Talley, however, has  
2 not been prosecuted for any violation of such statute, which was not enacted for much  
3 of the time of Nammo Talley's operations. [See Response to Interrogatories Nos. 2 &  
4 16]. Indeed, Nammo Talley had no knowledge of any unauthorized releases or spills at  
5 its TTU in violation of any regulation or permit. [See Site Assessment Plan dated  
6 December 4, 1991 at p. 1-12, Bates Nos. NT-068967 – 9027; Site Assessment Plan  
7 dated March 5, 1997, Bates Nos. NT-068109 - 208].

8 In connection with this closure, ADEQ advised Nammo Talley that, among other  
9 things, Rule R18-8-265.(a), 40 C.S.R. 265.12(b) required that a closure plan include  
10 procedures to sample surrounding soils. [See Letter to Daniel Haun from Anthony  
11 Leverock of ADEQ dated June 3, 2009, Bates Nos. NT-005263 - 64]. ADEQ believes  
12 that closure must be based upon a perchlorate Health-Based Guidance Level (for  
13 drinking water) ("HBGL") of 14 UG/L or Nammo Talley must develop an alternative  
14 standard based on assessment of reasonable foreseeable use of the Aquifer. Thus,  
15 ADEQ alleges that Nammo Talley's prior operations violated AACR-18-11-405(c) and  
16 A.R.S. § 49-241 regarding the discharge of pollutants in an aquifer that impairs existing  
17 or reasonably foreseeable uses of water in an aquifer. ADEQ has alleged that Nammo  
18 Talley must develop and foresee available uses of the aquifer in consultation with land  
19 owners and water providers in order to proceed with its closure plan. [See Letter from  
20 Anthony Leverock to Daniel Haun dated June 24, 2009, Bates Nos. NT-000183 - 188].

21 In addition, in his June 24, 2009 letter, Mr. Leverock of ADEQ alleged that  
22 Nammo Talley's closure plan submittal was administrative and incomplete because it  
23 was missing requisite site characterization detail and other information necessary to  
24 ensure notice of administrative completeness in accordance with A.R.S. § 41-1702 -  
25 § 41-1079 and AACR 18-1-501 – R18-1-5-25.

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1           30. IDENTIFY all measures, safeguards, and precautions taken by YOU at  
2 the SITE to prevent the release, discharge, dispersal or escape of POLLUTANTS into  
3 the land, atmosphere, groundwater and surface water.

4 **ANSWER:**

5           In addition to the General Objections, Nammo Talley specifically objects to this  
6 Interrogatory on the grounds that it is unlimited in time, overly broad, unduly  
7 burdensome, oppressive, and seeks information that is neither relevant to the subject  
8 matter of this litigation, nor reasonably likely to lead to the discovery of admissible  
9 evidence. Additionally, Nammo Talley objects to this Interrogatory to the extent that it  
10 seeks information which may be derived or ascertained from documents already within  
11 Defendant Insurers' possession, custody and/or control. Nammo Talley further objects  
12 to this Interrogatory in that the burden of deriving or ascertaining the answer is  
13 substantially the same for Defendant Insurers as it is for Nammo Talley. Nammo Talley  
14 objects to this Interrogatory to the extent that it seeks information that is not within its  
15 possession, custody or control. Nammo Talley also objects to the extent this  
16 Interrogatory seeks information that is within the possession, custody or control of third  
17 parties and/or Defendant Insurers. Nammo Talley objects to the extent this Interrogatory  
18 calls for a legal conclusion. Additionally, Nammo Talley objects to this Interrogatory  
19 as premature, given that discovery has not been completed, or even substantially done.  
20 Nammo Talley also objects to this Interrogatory on the grounds the terms "measures",  
21 "safeguards", "precautions", and "prevent" are undefined, vague and ambiguous.  
22 Nammo Talley further objects to this Interrogatory to the extent it seeks information  
23 protected from disclosure, whether by the attorney-client privilege, the work product  
24 doctrine, or other applicable privilege or exemption.

25           Subject to and without limiting its General and specific objections, Nammo  
26 Talley responds that from possibly the mid-1960s, and at least from 1973, to October  
27 1990 the water after treatment to collect suspended solids generated by this process was

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1 collected in the TDS Plant # 3, unlined, water bore-out pits, as described in Nammo  
2 Talley's Responses to Interrogatories Nos. 2, 16, and 29 *supra*.

3 From approximately 1988 through October 1990, solids collected in the settling  
4 container were removed while wet and temporarily accumulated at or near the point of  
5 generation in 55-gallon drums. Additionally, fine-grained solids, which collected in the  
6 bottom of the water bore-out pits, were removed while wet and placed in 55-gallon  
7 drums. Drums containing water bore-out solids were transported to Nammo Talley's  
8 TTU and treated, along with waste propellants generated as a result of Nammo Talley's  
9 manufacturing operations, by means of open burning. Nammo Talley's open burning  
10 operations were conducted in accordance with the conditions specific in its Open  
11 Burning Permit for Hazardous Materials issued by ADEQ and its Part B Permit under  
12 RCRA. The burn ground was situated on granitic bedrock in a remote location secured  
13 from public access and had a large firebreak.

14 Prior to approximately 1998, solids generated as a result of water bore-out  
15 operations were burned in the water bore-out pits. Prior to initiating a scheduled burn,  
16 those solids were collected and placed in one of the water bore-out pits, along with fine-  
17 grained solids that had accumulated in the bottom of that pit. Water from continued  
18 water bore-out operations was diverted into the adjacent pit, and the solids contained in  
19 the water bore-out pit selected for the burn were allowed to dry. After drying, the burn  
20 was initiated following the same general procedures used for the burning of waste  
21 propellants on-site at Nammo Talley's TTU facility. In general, Nammo Talley cleaned  
22 each of the pits and apparatus used on the day following burning activities. If suspected  
23 unburned materials were present, they were collected and placed in sealed plastic bags  
24 and held in metal drums until the next burn. [See NT-020493 - 511]. Nammo Talley  
25 further refers Defendant Insurers to the facts identified in its Response to Interrogatories  
26 Nos. 1-3, 16, & 29.

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1           Answering further, Nammo Talley states that it has taken additional measures,  
2 safeguards, and precautions to prevent discharge, dispersal, release or escape of  
3 POLLUTANTS at or from the SITE that caused the PROPERTY DAMAGE for which  
4 it is seeking coverage in the COMPLAINT, and as identified in its Response to  
5 Interrogatories Nos. 2 & 16 *supra*, including investigative measures, *e.g.*, soil testing,  
6 sampling, and analysis; groundwater sampling, analysis, and monitoring; installation of  
7 monitoring wells; and modeling, as well as remedial measures, *e.g.*, soil stabilization;  
8 construction of berms and retention areas to provide on-site containment of storm water;  
9 removal of burn equipment; and excavation and removal of contaminated soils.  
10 Nammo Talley refers Defendant Insurers to the following documents already produced  
11 in this litigation from which they may derive or ascertain responsive information: [NT-  
12 003333 - 3479 (claim information booklet submitted to, among others, CNA and  
13 Allstate, on October 22, 2008), NT-005267 - 71 (March 2012 Cost Estimate for  
14 Historical Lead Contamination and Remediation); NT-005305 - 13 (June 8, 2012 Cost  
15 Actual/ Estimate for Historical WBO Perchlorate Contamination & Remediation), NT-  
16 083661 - 703 (WBO Perchlorate Est. Remediation Costs History 6-2012), NT-005272 -  
17 5304 (TTU Soil Remediation Costs History 6-7-12), NT-034428 - 59 (Consent  
18 Judgment in *State of Arizona v. Nammo Talley Defense Systems, Inc.*, Case No. CV90-  
19 26811), NT-002743 - 48 (Letter from P. Lagas, Basin & Range Hydrogeologists, Inc. to  
20 D. Jones, Nammo Talley Defense Systems, dated March 31, 1997), NT-002276 - 91  
21 (ADEQ Fact Sheet Aquifer Protection Permit Place ID #1407, LTF #46292 Significant  
22 Amendment Nammo-Nammo Talley, Inc., Plant No. 3"), NT-002276 - 91 (State of  
23 Arizona Significant Amendment to Aquifer Protection Permit No. P-101370 Place ID  
24 #1407, LTF #46292), NT-004245 - 73 (Infiltration Testing Plant No. 3, Nammo Talley,  
25 Inc. Mesa, Arizona, dated January 2011, prepared by Geosyntec Consultants), NT-  
26 003189 - 3241 (Supplemental Perchlorate Source Investigation Plant #3 Nammo Talley,  
27 Inc. Mesa, Arizona, dated September 2010, prepared by Geosyntec Consultants), NT-

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003129 - 88 (Work Plan for A Pilot Test of Perchlorate Bioremediation at the Former Water Bore-Out Facility, dated October 2009, prepared by Geosyntec Consultants), NT-000309 - 326 (Technical Memorandum regarding Budgetary Estimates of Future Environmental Costs to Complete Closure under the Resource Conservation and Recovery Act (RCRA) of the TTU located at Nammo Talley, Mesa, Arizona, dated July 9, 2009, prepared by Brown and Caldwell), and NT-002836 - 3128 (Perchlorate Source Investigation Nammo Talley, Inc. Mesa, Arizona, dated June 2009, prepared by Geosyntec Consultants)].

31. IDENTIFY all contracts, memoranda of understanding, internal or administrative rules or procedures that RELATE to payment, billing or allocation of YOUR costs for maintenance, clean-up, investigation or closure of the SITE.

**ANSWER:**

In addition to the General Objections above, Nammo Talley objects to this Interrogatory on the grounds that it is vague, not limited in scope or time, not reasonable calculated to lead to the discovery of admissible evidence, and would impose an undue burden on Nammo Talley. Nammo Talley further objects to this Interrogatory to the extent it seeks information already known to Defendant Insurers or equally available to Defendant Insurers from sources other than Nammo Talley, including but not limited to information contained in pleadings, briefs, documents already produced, previous disclosures and other discovery in this matter.

Subject to and without waiving its General and specific objections, Nammo Talley responds that it is unaware of any administrative rules or procedures that relate to its payment, billing, or allocation of costs for environmental remediation and investigation. Nammo Talley is the sole party responsible for costs relating to the maintenance, clean-up, investigation, and closure of the Site and is not allocating such costs to any other party.

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1 Nammo Talley has fully detailed its costs incurred, as well as its projected future  
2 costs in response to Interrogatories Nos. 2 and 4-6, and produced all documents in its  
3 possession supporting those costs.

4 32. IDENTIFY all amounts/costs that are the subject of the COMPLAINT and  
5 that have been, or will be, included in YOUR forward pricing, billing rates, overhead or  
6 any other submission for payment to a third-party, including any claim for  
7 reimbursement under any government contract(s). For the purpose of this interrogatory,  
8 the term "IDENTIFY" means to state: (1) the specific amount of the cost; (2) the  
9 specific nature of the cost; (3) the date it was incurred; (3) the party billed; and (4) the  
10 date it was paid.

11 **ANSWER:**

12 In addition to the General Objections above, Nammo Talley objects to this  
13 Interrogatory on the grounds that it is vague and not reasonable calculated to lead to the  
14 discovery of admissible evidence. Subject to and without waiving its General and  
15 specific objections, Nammo Talley responds that there have been no specific recoveries  
16 of environmental costs under any of its government contracts.

17 33. IDENTIFY all third parties, including any governmental agencies,  
18 auditors, or regulators, to whom you have provided information regarding past or  
19 estimated future costs of investigating, removing or remediating contamination at or  
20 from the SITE.

21 **ANSWER:**

22 In addition to the General Objections above, Nammo Talley objects to this  
23 Interrogatory on the grounds that it is not reasonable calculated to lead to the discovery  
24 of admissible evidence and seeks information protected from discovery by the attorney-  
25 client privilege, the work product doctrine, and other common law privileges, such as  
26 the privilege afforded accounts and auditors. Nammo Talley further objects to this  
27 Interrogatory to the extent it seeks information already known to Defendant Insurers or  
28

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1 equally available to Defendant Insurers from sources other than Nammo Talley,  
2 including but not limited to information contained in pleadings, briefs, documents  
3 already produced, previous disclosures and other discovery in this matter.

4 Subject to and without waiving its General and specific objections, Nammo  
5 Talley responds that it has provided certain information regarding its past and future  
6 costs associated with environmental cleanup, investigation, and closure of the Site with  
7 its attorneys, the accounting firm of Katz, Abosch, Windesheim, Gershman &  
8 Freedman, PA, ADEQ, including the Hazardous Waste Compliance and Hazardous  
9 Waste Permits Units of ADEQ's Waste Programs Division, the Waste Permits Section,  
10 and the APP & Drywell Unit of ADEQ's Water Quality Division.

11 34. IDENTIFY all actions taken by YOU to satisfy any and all provisions  
12 under the lease entered into between YOU and the Arizona State Trust beginning in  
13 1966 that relate to the condition of the leased property, including the quality of the land,  
14 groundwater, surface water and adjoining land.

15 **ANSWER:**

16 In addition to the General Objections above, Nammo Talley objects to this  
17 Interrogatory on the grounds that it is vague, not limited in scope or time, and not  
18 reasonable calculated to lead to the discovery of admissible evidence. Subject to and  
19 without waiving its General and specific objections, Nammo Talley responds that with  
20 respect to its current coverage claims against the Defendant Insurers for property  
21 damage arising out the occurrences necessitating the current environmental cleanup as  
22 part of the regulatory closure process, it has not taken any specific action relating to the  
23 condition of the leased property, including the quality of the land, groundwater, surface  
24 water and adjoining land, to satisfy a provision of condition of any lease entered into  
25 between Nammo Talley and the Arizona State Land Department ("ASLD") with respect  
26 to lands held in the Arizona State Trust. Nammo Talley has kept the ASLD informed of  
27 the current state of the Site and the interactions with ADEQ. The ASLD has not made

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1 any demands of Nammo Talley with regards to the condition of the property under any  
2 lease.

3 Unrelated to its current claims for insurance coverage, and in connection with  
4 lease renewal application 23-95852, ASLD requested information from Nammo Talley  
5 regarding some of its environmental compliance practices, which Defendant Insurers  
6 may derive from documents produced in this case. For example, on or about February  
7 24, 1989, ASLD inquired as to underground storage tanks, and septic systems at the Site  
8 in connection with a lease renewal application submitted by Nammo Talley. [See NT-  
9 075511 - 13]. Nammo Talley responded to ASLD's concerns and obtained the  
10 requested lease renewal.

11 35. IDENTIFY each order, enforcement action or demand by the Arizona  
12 Department of Environmental Quality, including the specific provisions therein, that  
13 requires YOU to investigate and remediate (not including monitoring) contamination at  
14 or emanating from the SITE and for which YOU are seeking coverage in the  
15 COMPLAINT.

16 **ANSWER:**

17 In addition to the General Objections above, Nammo Talley objects to this  
18 Interrogatory on the grounds that it is vague, not limited in scope or time, seeks to  
19 impose an undue burden on Nammo Talley, and is duplicative of Interrogatory No. 1.  
20 Nammo Talley further objects to this Interrogatory to the extent it seeks information  
21 already known to Defendant Insurers or equally available to Defendant Insurers from  
22 sources other than Nammo Talley, including but not limited to information contained in  
23 pleadings, briefs, documents already produced, previous disclosures and other discovery  
24 in this matter.

25 Subject to and without waiving its General and specific objections, Nammo  
26 Talley responds that ADEQ's demands are set forth in the agency correspondence and  
27 closure reports disclosed by Nammo Talley, as well as the 1991 Consent Order.

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1 Nammo Talley is also obligated to comply with the provisions of its revised Part B  
2 Permit under RCRA and the requirements for closure under its forthcoming revised  
3 APP Permit. Nammo Talley further responds by referring to, and incorporating, its  
4 response to Interrogatories Nos. 1-3, 16, 29 & 30.

5 36. IDENTIFY all PERSONS with knowledge of facts that support YOUR  
6 responses to DEFENDANT INSURERS' First Set of Joint Interrogatories.

7 **ANSWER:**

8 In addition to the General Objections above, Nammo Talley objects to this  
9 Interrogatory on the grounds that it is vague and seeks to impose an undue burden on  
10 Nammo Talley. Subject to and without waiving its General and specific objections,  
11 Nammo Talley responds that those persons listed in response to Interrogatory No. 23  
12 herein and in Section A of Nammo Talley's Initial Disclosure Statement, served on  
13 January 27, 2012, may have knowledge of certain facts that support this Response. In  
14 addition, Hassan A. Mirza, SVP & CFO of Nammo Talley may possess knowledge of  
15 certain facts supporting Nammo Talley's responses to Interrogatories Nos. 31 – 33.

16 37. IDENTIFY all DOCUMENTS and COMMUNICATIONS that support or  
17 RELATE TO YOUR responses to DEFENDANT INSURERS' First Set of Joint  
18 Interrogatories.

19 **ANSWER:**

20 In addition to the General Objections above, Nammo Talley objects to this  
21 Interrogatory on the grounds that it is vague, seeks to impose and undue burdensome in  
22 that it requests Nammo Talley to identify documents to relate to its Responses, and  
23 seeks information protected from discovery by the attorney-client privilege. Nammo  
24 Talley further objects to this Interrogatory to the extent it seeks information already  
25 known to Defendant Insurers or equally available to Defendant Insurers from sources  
26 other than Nammo Talley, including but not limited to information contained in

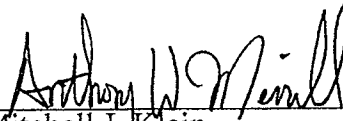
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1 pleadings, briefs, documents already produced, previous disclosures and other discovery  
2 in this matter.

3 Subject to and without waiving its General and specific objections, Nammo  
4 Talley responds that in addition to those documents identified in each individual  
5 interrogatory response, those documents produced in response to Defendant Insurers  
6 First Set of Request for Production relate to the Responses set forth herein.

7 DATED this 22nd day of June, 2012.

8 POLSINELLI SHUGHART PC

9  
10 By:   
11 Mitchell J. Klein  
12 Anthony W. Merrill  
13 Tiffany J. Andersen  
14 CityScape Plaza  
15 One E. Washington St., Ste. 1200  
16 Phoenix, AZ 85004  
17 *Attorneys for Plaintiff Nammo Talley, Inc.*

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CERTIFICATE OF SERVICE

I hereby certify that on June 22, 2012 I served a paper copy of the foregoing document by First Class U.S. Mail on the following:

Robert S. Murphy  
Law Offices of Robert S. Murphy, LLC  
1650 North First Avenue  
Phoenix, AZ 85003  
*Attorney for Defendant Allstate Insurance Company*

Louise M. McCabe (*Admitted Pro Hac Vice*)  
TROUTMAN SANDERS, LLP  
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San Diego, CA 92310-2902  
*Attorney for Defendant Allstate Insurance Company*

John Charles Hendricks  
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*Attorney for Defendants Continental Casualty Company  
and Transportation Insurance Company*

Steven M. Crane (*Admitted Pro Hac Vice*)  
BERKES CRANE ROBINSON & SEAL, LLP  
515 South Figueroa Street, Ste. 1500  
Los Angeles, CA 90071  
*Attorney for Defendants Continental Casualty Company  
and Transportation Insurance Company*



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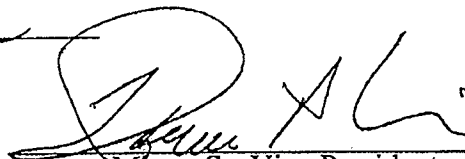
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**VERIFICATION**

I, Hassan Mirza, am the **Sr. Vice President and Chief Financial Officer** for Plaintiff Nammo Talley, Inc. in the above-entitled cause of action. I have read the Defendants' First Joint Set of Interrogatories propounded to Plaintiff Nammo Talley, Inc. by Defendants Allstate Insurance Company and the CNA Companies, and Talley's Response to those Interrogatories. I am familiar with the contents of both. Based on my knowledge, the responses to the Defendants' First Joint Set of Interrogatories are true.

I declare under the penalty of perjury under the laws of the State of Arizona that the above-responses are true and correct.

DATED: June 21, 2012



Hassan Mirza, Sr. Vice President and CEO  
of Plaintiff, Nammo Talley, Inc.